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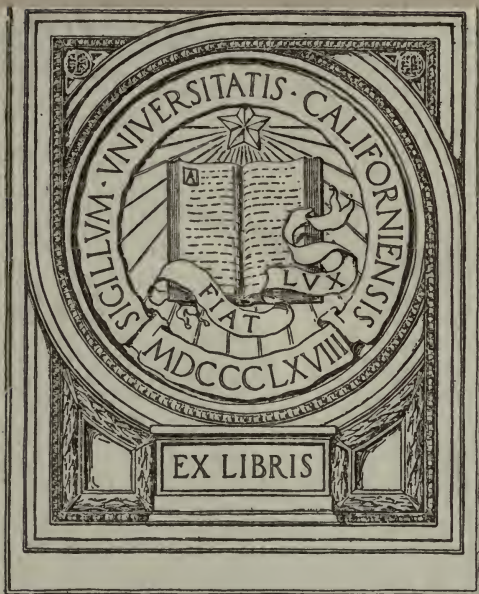
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SOCIAL AND INDUSTRIAL REFORM

SIR CHARLES W. MACARA, BART.



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SOCIAL AND INDUSTRIAL
REFORM

SOCIAL AND INDUSTRIAL REFORM

SOME INTERNATIONAL ASPECTS

BY

SIR CHARLES W. MACARA, BART.

(SEVENTH EDITION ENLARGED)

MANCHESTER
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B. D. Wheeler

SEVENTH EDITION, REPRINTED SEPTEMBER, 1919

AUTHOR'S NOTE TO THE SEVENTH EDITION.

Another edition of Social and Industrial Reform has become necessary, and as I have, since the last was published, contributed several articles on industrial harmony and on other questions, to the press, I have considered the opportunity favourable for their introduction into this volume.

Many of the articles, besides appearing in one or other of the following journals: *The Times* (Trade Supplement), *Daily Telegraph*, *Financial Times*, *Financial News*, *Financier and Bullionist*, *Glasgow Herald*, *Dundee Advertiser*, *Manchester Guardian*, *Textile Recorder*, and *Cotton Factory Times*, have been extensively published in other journals and have been printed in leaflet form and widely distributed throughout the world. Some repetition has in the circumstances been unavoidable.

I am very hopeful that this new matter will add materially to the value of a book which, in the period of reconstruction, has, I am glad to learn, proved to be of much service.

September, 1919.

AUTHOR'S NOTE TO THE SIXTH EDITION.

The welcome accorded to the earlier editions of "Social and Industrial Reform" is to me very gratifying. The friendly comments in the Press and the many private letters I have received eulogising the work have proved to me that there was a demand for a straightforward review of industrial problems and for suggestions as to their solution, and that I may claim to have met with some success in my attempt to meet that demand.

Some of the chapters and letters deal more directly with the international side of the problems which have been discussed in earlier editions. The chapter on Internationalism in Industry is an outline of the work of the two great international organisations—the International Federation of Master Cotton Spinners' and Manufacturers' Associations and the International Institute of Agriculture.

The chapter devoted to advocating a reserve of cotton touches a question of the highest importance at this time.

Two of my American friends*—Mr. David Lubin and Mr. Harvie Jordan—have written to me on

* pp. 152 and 171.

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subjects which are particularly germane to this work. By way of introducing these gentlemen to my readers in this country I may say that Mr. Lubin is the originator of schemes designed to benefit not only the United States but a much wider field of commercial and industrial activity. Writing from the International Institute of Agriculture in Rome (October 4, 1918), he advocates the fostering of industries in those countries which have hitherto been largely confined to the commercial operations of Germany.

Although I may not be able entirely to agree with all the arguments Mr. Lubin has advanced in his letter, the policy he has outlined is constructive. Its possession of that merit makes it a valuable contribution to this book.

Mr. Harvie Jordan's letter approaches the question of high-density packing of American cotton, which was reported upon by the Lancashire Private Cotton Investigation Commission which visited the American cotton fields in 1906, followed the next year by an International Delegation of the Cotton Spinners of the World, who conferred with the representatives of the cotton exchanges and the cotton planters of the United States at Atlanta, Georgia. This reform had been further advocated at International Cotton Congresses, and I myself emphasised the importance of it at the beginning of the war. The difficulties of the cotton industry on

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the outbreak of war would have been greatly lessened if we had established a reserve of cotton, and secured the interest of all concerned in the higher density baling of cotton. These two reforms were urgently needed before the peace of the world was disturbed; when the war came our short-sighted policy quickly became painfully apparent. It was then too late to establish a reserve of cotton in this and other countries, but it was not too late to improve the baling of cotton. If cotton were packed at a higher density we could have had double the quantity shipped in the limited accommodation now provided. Mr. Harvie Jordan's letter shows that, at last, a beginning has been made in this direction.

In conclusion, I should like to emphasise my warning* against the multiplication of new organisations, started ostensibly with the same objects in view. Even were they thought by some to be needed, time and labour would be expended in acquiring experience. How much better to give whole-hearted support to those well-tried organisations that have been in existence for many years and have gained invaluable experience!

* p. 336.

April, 1919.

PREFACE

The following articles have appeared in the press, and at the request of those specially interested in the subjects discussed and in the suggestions therein offered, I arranged for their publication in their present form. A number of these articles have appeared in the "Manchester Guardian," the "Cotton Factory Times"—the organ of the textile workers—the "Textile Recorder"—a paper representing the views of the employers—and other papers. On their appearance in these papers requests were constantly being received for extra copies, showing that there is a widespread interest in the subjects dealt with, and that the views expressed are considered by competent judges worthy of the serious attention of all who have the future welfare of humanity at heart. To the Editors of these publications I acknowledge my indebtedness for the opportunity they offered me to place my views before the public. I hope, in their present form, the range of usefulness and interest will be considerably widened.

August, 1918.

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A SURVEY OF PRESENT CONDITIONS.

“ More States have been ruined by faction than have fallen before the sword of the conqueror.” This was the observation of one of England’s wisest moralists, and the times in which we are now living give it great significance. We are at war—we are in the vortex of a life-and-death struggle which claims, or indeed ought to claim, our undivided attention. The clash of arms is terribly insistent—the huge engines of war are spreading destruction everywhere, and a sum of something like seven millions of money is being spent daily, by this country, to secure freedom from Prussian autocracy and militarism. We are waging war to end war. Many thousands of our young men “ have poured out the red sweet wine of youth ” in order that the world shall, if possible, be rid of the Germanic war party and that the earth shall not again be

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visited by such an earthquake of militarism. Recent years have taught us what an egregious blunder war is. We want to have done with a policy of extermination, of desolation, and of anarchical revolution, and with a return to peace to see that all implements of war are buried beside the bones of the mammoth and the mastodon as relics of a primeval age.

Having entered into this huge international quarrel in our own and our neighbours' behalf—and I maintain that the British nation would have suffered the greatest humiliation and disgrace if it had taken any other course, since the Germans were determined on war—it is extremely disconcerting to employers to find that factions are at work to undermine the system of government and social order which obtains in this country and to bring influences to bear which, if they are attentively listened to by the mass of the workers of the country, and acted upon, will bring not peace but a sword into our domestic relations at a time when the country is bleeding from

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the world struggle into which it entered for the benefit of all classes (from the highest to the lowest) who make up the personnel of the British Empire.

The war overshadows everything. Our vision can hardly penetrate the gloom in which it has enveloped us. Occasionally, however, the leaders of industry and ultimately the nation are perplexed with trouble in an unexpected quarter, the result of which, if persisted in, would greatly lessen our chances of victory in the war of nations by seriously reducing the iron rations for our guns and sowing the seed of revolution—a disaster which, in its extent, would be incalculable. There have been, and there are in the fourth year of war, menacing murmurings which must not be allowed to become articulate if we are to pursue unflinchingly and with all the strenuousness at our command our fight for liberty on the overseas fronts. I am not one of those who wholly disregard the injunctions to “trust the people.” I know that the think-

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ing section of the people of this country are not likely to be led away by empty and meaningless phrases, but my long and varied experience of industrial disputes has taught me that it is the unreasoning section of the community who are easily carried away by some bombastic statement which promises to create a new heaven upon earth, and the more violent the methods suggested to be employed the higher is their admiration for the man bold enough to make it, and the greater is their enthusiasm for the new gospel preached. This is the danger we have to meet at this time, for it seems that the more poisonous the drug the more necessary it is to administer it when the attention of the nation is riveted on the attainment of an important objective. To have to meet foes within as well as without is not a very pleasing prospect. As a nation we were unprepared for the larger and more desperate foe. We turned deaf ears to repeated warnings; we wilfully ignored the "writing on the wall." We now know the cost of our studied indifference.

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I hope we are not going to sit like graven images and allow a mere handful of adventurous nonentities to bring war into the industrial sphere by provoking dissensions between capital and labour, and ultimately to introduce chaos into our national affairs. The British type of Bolshevik is abroad, and he is moulding others to utter and repeat with the dull and uninteresting persistence of the gramophone such statements as are likely to meet with the approval of that section of society which makes a boast of its revolutionary principles.

Organised British Labour has its Lenins and its Trozskys, but happily for the workers and for the country generally, their sphere of influence is limited. But to that wing of the Labour and Socialist party which is so fond of declaring that the panacea for all our ills is a revolution, I would suggest a close examination of Russian affairs under the Bolshevik régime. The dark deeds that have been perpetrated in that unhappy land, in the name of freedom, are almost incredible. In future,

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Bolshevism and anarchy will be synonymous terms. The Bolsheviks have become a danger to others, and to themselves. They were supposed to remove oppression; they have become oppressors. They were to enrich the poor; they have condemned the poor to poverty and misery. They were to bring peace; they have made war. Instead of hope they have brought despair. They stood for "self-determination" of peoples; they have caused their self-destruction—all this in the name of FREEDOM. The loudly-trumpeted saviours of the Russian proletariat have established the highest and most cruel form of despotism. How closely the Platonic argument is here exemplified. "The extravagant love of liberty, which marks democracy, prepares the way, by a natural reaction, for tyranny. The future tyrant is, at first, the select champion of the commonalty in the contest with the oligarchical faction. Gradually he becomes more and more powerful, and, if he is banished, soon returns with an accession of influence; next, he obtains a

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bodyguard under specious pretences, and finally turns out a consummate tyrant."

But I can imagine the admirer of the Bolshhevik régime (if, indeed, there can be any such person in existence to-day) asserting that I am feeding a prejudice by exaggerating the position in Russia. Let us, therefore, turn to the views of the Russian Social Democrats. From a very remarkable appeal sent out recently to *Justice* (the organ of the British Social Democrats), in behalf of the Central Committee of the United Labour Party of Russian Social Democrats, I have extracted the following :

"At this dreadful and menacing hour we appeal to the sections of the Internationale.

As at the worst moments in the Tsarist régime, we are deprived of the power of communicating freely with the Western Socialist parties. The frontier is closed. In no country are the workers informed of what is going on in Russia, or else they are informed in a false and misleading manner. In the interests of the International Labour move-

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ment, we must make a breach in the barrier of silence which the Bolsheviks have erected. We must cast light upon the unprecedented terror which rages in Russia in the name of Socialism, and which soils its spotless banner."

The statement goes on to say that Socialists who have not embraced Bolshevism are imprisoned; that non-Bolshevik candidates for the Constituent Assembly are "flogged unmercifully," and that the Dictatorship is maintained only by "shameless terrorisation," and proceeds:—

"The Bolsheviks rely on force of arms to proclaim the beginning of the Social Revolution. They preach and practice confiscation, not only as regards the land, but also as regards factories and workshops. In the backward rural parts of the country, ruined by the war, they are trying experiments which they call Socialistic, but which are rather anarchist-syndicalist, and which threaten finally to destroy our national economic life and pave the way for the defeat of the proletariat."

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Then follows this terrible indictment:—
“To-day, indeed, it is the sword which decides all questions. The Russian proletariat is threatened with a June disaster, and with the fate of the Paris Commune.”

Russia was one of the countries which took part in the International Congresses which were held from 1904 to 1913 for the promotion of the welfare of the cotton industry of the world. The International Cotton Federation and the International Institute of Agriculture (which was established a year later than the former) have shown in a striking manner what the practical men of the world are capable of accomplishing in the development of the world's resources. The interchange of ideas that took place at the great International Cotton Congresses, and the dissemination of information, both personally and through the Reports, circulated in the best known languages throughout the world, constituted a form of propaganda work which would indirectly have resulted in enormous benefit to both employers and employed.

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I have often wondered what has become of the leading Russian cotton manufacturers I met from year to year, some of whom expressed an earnest desire to follow the industrial methods of England, so as to enable them to confer with the representatives of the workers for their mutual benefit.

But by the workers following the advice of adventurers, all such hopes have, for the present at all events, been shattered, and Russia's future is shrouded in uncertainty both for employers and workers. In these vast upheavals the workers are ultimately the chief sufferers. It is to be hoped that wiser counsels may yet prevail, and the sound advice of the practical men of the world listened to once more.

The proposal to conscript wealth is one of the items of the Bolshevik programme, and the man who has nothing to give or anything worth taking, who makes this his cry, knows quite well that if it is repeated often enough he will find converts who, in turn (provided, of course, that their pockets, too, are empty),

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will serve as gramophone records to spread the Bolshevik gospel. Let us for a moment examine the proposal to conscript wealth. It is a demand made by the "have nots" forcibly to take possession of the property which belongs to another. Apply this policy to private gain and the perpetrator of it, if caught, would be held to be a vagabond and treated accordingly. If, on the other hand, it is done by and for the nation, it will, by virtue of this, be made a legal act. But this legality does not make it just. The advocates of the conscription of wealth tell us that in this war life is conscripted, and that, therefore, those who cannot give their services in the field cannot do less than give of their wealth. There is nothing illogical about this statement as it stands. The man who is giving his life is giving his all, for life is more precious than money. But the unreasonableness of the proposal is that in what is truly a national war—a fight for our very existence—one class should be called upon to pay as well as to fight. The conscription of life is not made

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harshly to apply any more to one class than to another; it comprehends all, no matter to what station of life it has pleased God to call them. Then why should one class have its pockets emptied in order that another class should be relieved of financial responsibility? It is well to remember, too, that it is not the man in the trenches who is advocating the conscription of wealth, but the man at home who is drawing a big wage and is living in comfort.

But the injustice of the whole proceeding is more clearly seen when we consider another aspect of the question. The man who is shouting the loudest for the conscription of wealth has had neither his life nor any part of his war "profiteering" conscripted. We should not lose sight of the fact that the worker is one of the "profiteers" as the result of the war. This, however, does not prevent him resting his eyes on the possessions of another. The Tenth Commandment might never have been written so far as he is concerned. It has been computed that the wages

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bill of the country has advanced by something approaching a thousand millions a year. In other words, a large proportion of the war debt represents money paid to the workers of the United Kingdom. And yet we have men posing as the representatives of the workers and asking that the employers who, according to these agitators, are the only "profiteers" by the war, should be made to bear the burden of this huge wage list in addition to paying excess profits. It is a reckless and mischievous proposal, and its unreasonableness is the more apparent the closer we examine it.

The excess profits tax is a more equitable arrangement. Employers generally are not disposed to quarrel with this method of raising money to pay for the war. But here again the basis taken for arriving at the payments to be made makes a bigger demand on some industries than upon others. We can have no better example of this than that afforded by the two staple industries of Lancashire and Yorkshire. The woollen industry of the neighbouring county has not had such recur-

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ring periods of depression as the cotton trade. The cotton industry immediately preceding the war was in a very depressed state. But the period of depression was taken as a normal time, and if, perchance, the trade should, in spite of present difficulties, improve its position, the claim for excess profits could be proved to have been based on an unfair—a false—calculation.

Since the outbreak of war, American cotton has been as low as £10 a bale, now it is £60, and as the average cotton mill requires hundreds of bales in process, a very large extra capital is necessarily involved. Not only has the raw material advanced in price, but everything connected with the manufacture of cotton has correspondingly increased.

The war, however, has got to be paid for, and the industrial and commercial concerns of the country have to find the money. The Government, therefore, must not restrict the development of either by making excessive demands at this time. Such demands would most certainly have the effect of stifling enter-

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prise. When the war is over, our industrial concerns will need time to recuperate. Many will have to be re-established; some will have to undergo reconstruction. There are difficulties and dangers ahead, and sound and efficient organisation will alone enable us to meet the severe competition which will come with the end of hostilities. We have to see that we have a contented army of workers, and in many ways their conditions must be improved. We must have unity in all our commercial undertakings. A better, a healthier atmosphere must be introduced. All this will need capital, and if we have the capital the production of the country can be increased, and through this increased production we shall all be able to do our share in providing the necessary money to pay for the war.

All this can be achieved if we put our backs into the work, but there must be no divisions between capital and labour; no talk of applying principles of a revolutionary character to our industrial sphere. Employers and workers must be joined together firm in the

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resolve to do all that is humanly possible to make life generally in this country happier and brighter, so that we may reap to the full the victory of our arms, which we all hope will come sooner than we can reasonably expect at the moment. Mr. J. R. Clynes, the well-known and highly-respected Labour leader, made a statement recently with which I entirely agree. He said that the workers could not hope in their lifetime to see capital supplanted by collectivism, as some people contended. What he hoped to see was capital diluted with as much humanism as possible.

This kind of dilution is long overdue. Let us see to it that our house is in order, so that we may be able to show that our prosperity as employers depends upon the prosperity and happiness of the workers, and then we shall have made a big advance in the direction we all so eagerly desire.

THE CONSCRIPTION OF WEALTH.

The Chancellor of the Exchequer, through his coquetting with the predatory type of Socialist on the question of the conscription of wealth has, no doubt quite unintentionally, done a great disservice to his country. He has aroused among the great body of patriots a feeling of suspicion and distrust which, I fear, it will take a long time entirely to eradicate. It has also done something to rekindle the embers of class hatred, which it was hoped the war would do something to modify, if not altogether extinguish.

The Chancellor is understood to have been "significantly sympathetic" in his reply to a deputation representing various labour organisations who had urged "that the money wanted for the war beyond the proceeds of the taxes should be got by a compulsory capital levy instead of by interest-bearing

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loans." The Chancellor of the Exchequer is represented as saying that he would do nothing now that would interfere with the all too scanty flow of loans, " but far from thinking the idea of a capital levy impracticable or economically unsound, he very definitely repeated that if the capital did not come in, voluntarily, he would not hesitate to ask the House of Commons to take it, even during the war; that after the war he had no doubt that the new burden of debt would be made a charge on realised wealth." Further, it is alleged that the Chancellor holds the view that a capital levy would be a better way of meeting our liabilities than an annual tax.

If the above quotation is a correct interpretation of the Chancellor's statement, it would appear that he suddenly and inconsiderately embraced the vicious gospel of the British type of Bolshevik, that the private capitalist should not exist, and that the war should be made the excuse for his suppression and ultimate extinction. It is true that the Chancellor has since repudiated any idea of

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THE CONSCRIPTION OF WEALTH

taxing capital. But this cannot end the controversy or remove the suspicion which has spread all over the country that privately owned capital is to be pounced upon in order to reduce the burden of the National Debt.

It is inconceivable that any one of our leading statesmen should have been encouraged to favour, in ever so slight a degree, the Socialistic dogma, which is that "wars are fostered by national prejudices which are systematically cultivated in the interest of the ruling class in order to divert the proletarian masses from the duty they owe to their class and to international solidarity. Wars are therefore the very marrow of capitalism, and will cease only with the suppression of the capitalist system."

If there ever was a war which indisputably disproves this heresy, it is the war which is now spreading desolation over the face of the earth. I assert emphatically (and I am confident what I say now will not be controverted by any honest man) that the war of to-day is not a capitalists' war. It is a war which has

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been thrust upon us by a military caste and largely waged by an army of Socialists. We did not invite it; we tried to prevent it. But with the sword at our throat we should have suffered the greatest humiliation and degradation if we had stood by and watched other nations ravaged, and waited in splendid isolation for the enemy to concentrate all his efforts on our own land.

Now the point I wish to make is that as it is not a capitalists' war, but a war which the nation as a whole entered upon in self-defence and in defence of smaller nations, no one class should be called upon to suffer their wealth to be conscripted—that each class should pay its quota. All classes are called upon to fight, and one of the proudest pages of British history is the enthusiasm with which all classes—the poet, the sculptor, the artist, the musician, the merchant, the Duke's son, the Earl's son, the skilled worker and the unskilled worker—rushed to the colours in the early days of the war. All were imbued with the desire to avenge a grievous wrong,

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THE CONSCRIPTION OF WEALTH

and whilst I agree that all who have been enjoying comparative comfort behind our lines of brave heroes should contribute to the war in proportion to the income they receive, it would be the height of injustice to say that a special class should have its wealth conscripted.

As one who for the past quarter of a century, has laboured in season and out of season for a better understanding between capital and labour, I deplore what seems to me to be at least a serious error of judgment on the part of the Chancellor of the Exchequer in using words and phrases, chosen perhaps in a haphazard way, which are capable of bearing a false construction and may be used to further the interests of a faction, and which are calculated to create a bad feeling between employers and their workpeople. Whilst I sympathise with Ministers in the great task set them (and I may perhaps be permitted to say that my past record, both before and since the war, will acquit me of any desire

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merely to indulge in destructive criticism), I am bound to say, as a diligent student of national affairs, that there has been far too much injudicious, reckless talk, which betrayed either a want of knowledge or a lack of well-balanced thought. We do not seem to have in this great crisis, the master mind which we have had in former generations; the compiler of clear-cut phrases which mean only one thing. This statement as to a levy on capital is only one of many instances in which a juggler with words and phrases has turned and used them in a way in which they were never intended to be used. Our experience in this connection proves conclusively that we have not reached the state when

Noble statesmen do not itch

To interfere with matters which they do
not understand.

“Clear thinking” is a great national asset at all times. It is specially valuable just now. I do not close my eyes to the fact that the nation is faced with financial difficulties of

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the gravest kind. But would a levy on capital which is so light-heartedly proposed, help us out of these difficulties, or would it add further difficulties to the situation? Let us assume that the proposal is one which is deserving of consideration. How are we going to make a levy on capital which will give the country what it wants? It must be remembered that the greater portion of the capital of the country is not what is called fluid—that is, it is locked up in buildings, plant, machinery, stock-in-trade of all kinds, and perhaps the greater part of it would not be realisable if the levy was imposed. The speculative value of securities, too, would be lost, and other holdings which represented money would, if the Socialist policy were adopted, speedily become a drug on the market.

In such a contingency it would not be possible to obtain assistance from the Bankers, as has been suggested by some advocates of the levy, because the demand would be a universal one, and the Bankers

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would have to find the money with which to pay the levy on their own capital. The whole policy would spell industrial ruin; unemployment on an enormous scale would be inevitable.

The State does not want capital, but income—ready cash which can be turned into articles of daily use—not portions of land, houses, furniture, machinery, pictures, jewellery, and other such forms of capital. These things will not pay or feed our sailors and soldiers, nor will they release the State from the financial burdens which this war has thrust upon it.

A levy on capital would discourage thrift, and encourage spendthrifts; would penalise the patriot who has lent all his spare money to the country, and leave untouched Socialists and others who deliberately withhold such assistance. One of the most encouraging features in this country, following upon the war, has been the great stimulus it has given to almost universal saving. All the banking returns prove this, and it will be disastrous if anything is done to remove this healthy sign.

THE CONSCRIPTION OF WEALTH

Lastly, in spite of all the uneasiness that has been manifest in the country since the Chancellor of the Exchequer's alleged statement on the conscription of wealth, I cannot believe that the British Government contemplates repudiating its pledges in regard to war bonds. Ever since the levy proposal was made it has been known that in this direction the eyes of those who envy the possessions of others have been resting. But that way lies national dishonour.

Many theoretical opinions are expressed as to the manner of dealing with this important subject. Personally I have always preferred to be guided by the practical experiences of the past. If both Capital and Labour are thoroughly organised in our staple industries, and if, in meeting the vicissitudes which constantly arise, these industries are managed as industries, and not as individual concerns, we can look to the future with absolute confidence, certain that the difficulties which are ahead can be overcome without either stifling private enterprise, or unduly

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enhancing the cost of commodities to the consumer.

I believe the colossal war debt can be grappled with in this way, and without any resort to the revolutionary measures which are being advocated in certain quarters.

Remembering the great recuperative power of France after the Franco-German War of 1870, I give it as my firm conviction, as the result of a large experience, that if Capital and Labour will co-operate in developing the undeveloped resources of the world to the fullest extent, the appalling expenditure of money in this unparalleled struggle may be made up in a shorter space of time than is generally believed.

WAR IN THE SPHERE OF INDUSTRY.

We are to-day discussing the question of wholly abolishing war by forming a League of Nations—a high court of arbitration—to adjust international disputes without appealing to the arbitrament of the sword. This is a goal and consummation most devoutly to be wished. But may we not also with advantage apply the proposal to industrial warfare? We want, too, a League of Industries—the operation of the Industrial Council which represents the employers and the workers—for unless something is done to maintain our industrial and commercial supremacy, and to render impossible the paralysing of industry by frequent and irritating disputes between Capital and Labour, we shall invite our own destruction by continuing to wage internecine war, which is so disastrous to our own welfare and so

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advantageous to foreign competitors, who, when the guns are silent and a military peace has been declared, will welcome any industrial disturbance to resume their policy of peaceful penetration.

I have always held that the establishment of the rights of labour is the first fruit of freedom, and the maintenance of these rights is the first necessity of a commonwealth. But there have been periods in our country's history when Labour was considered to have no rights. I must admit that there are employers to-day who, both by word and deed, discourage any fraternising between the employing and working classes. Their aim seems to be to divide the two interests by a long stretch of "no-man's-land." This class of employer would do well to remember the words of Adam Smith : " Labour was the first price, the original purchase money which was paid for all things. It was not by gold or by silver, but by Labour, that all the wealth of the world was originally purchased." Down to the year 1824 it was not lawful for men

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to collect together to decide what wages they would work for, although the masters at that time were free to meet and agree to give their men what sum they cared to fix. There was neither freedom nor justice in this procedure. Happily this legal inequality has long since been removed, and the benefits which have accrued to industry generally cannot be over-estimated.

But we have not yet reached the ideal industrial state. In my long connection with the cotton trade I have always kept constantly before me the rights of labour. My advocacy of strong combinations of employers and workpeople has never wavered, for I am confident that it is only by efficient organisation that the interests of both may be served and the welfare of the industry maintained. The conditions of work to-day are far superior to what they were before the advent of trade unions. Through their representatives the workers have been able to bring all their grievances directly before the employers, and

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the relations between Capital and Labour have vastly improved.

But there is room for still further improvement along well-defined lines which the war has brought into prominence. We, the employers and the workpeople, will not in the immediate future, be able to afford to spend time over bickerings about grievances which ought not to be allowed to exist. The drastic change which the war has wrought over the face of the earth is destined to exert a most profound influence over all industry, and we must be prepared to rise to the occasion and use our organisations to better purpose. If the workers are suffering a grievance it must be diagnosed at once, and if an evil influence is found to exist it must be speedily removed as a surgeon would remove a cancerous growth. We must have done with mere palliatives—quack medicines which may give momentary relief, but tend to accentuate the trouble. The industrial awakening will call for the elimination of all that contributes to discontent, and therefore to inefficiency. It

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is a truism to say that a contented body of workpeople is one of the surest guarantees of industrial efficiency. But are we not sometimes inclined to forget this?

At the same time I fear that our industrial organisations in the past have regarded themselves too much in the light of combatant forces, and an atmosphere of suspicion has been created which has led to strife when a little more tolerance and forbearance—open-mindedness if you like—would have overcome any strained relations that existed. In the cotton industry—our second largest industry—we have set a good example to the other industries in the country, in that we are so thoroughly organised as practically to be free from industrial troubles. We have not entirely exorcised the strike and lockout evils, and it is in this direction that I would like to see a new era opened, for if we are to hold our own in the industrial fight of the immediate future employers as well as employed must work to that end.

For the future I would ask employers and

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workers not to forget that "United we stand; divided we fall." There must be mutual charity and forbearance. Each ought honestly to place himself for a moment in the situation of the other when each might see causes in operation which he could not otherwise have seen—trials and difficulties of which he had not dreamed. Let the employer look steadily at the position of the worker, and let the worker consider the position of the employer. Let the employer reflect on the patience, self-denial and fortitude with which the workman endures severe trials and privations, and let the workman reflect on the fairness and moderation, often under circumstances of serious difficulty, and the generosity of the employer. Capital, which is labour and money, at war with itself, has been compared to a madman who, in a sudden frenzy, dashed each of his fists against the other while both were bleeding and disabled.

The troubles of the past have been largely due to ignorance, sometimes to selfishness, and the absence of a truly sympathetic out-

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look. In the drastic reconstruction which the war foreshadows, customs and traditions of commercial life which are among the most enduring things in a nation's character will be revolutionised, and we shall have to look to the large army of workers in their own interest and in the interest of the country to assist the leaders of industry to meet and cope with this great industrial change. The great need now is for an organisation to promote and maintain industrial peace in all the industries of the country, for all are linked together, and trouble in one will almost certainly affect another which at first glance seems to be far removed. In this important undertaking the trade unions will be expected to take an important share, for without them nothing can be done which will have any permanent value.

DIPLOMACY OR WAR—WHICH?

In the last chapter I vindicated the rights of Labour. I want now to say something about the rights of Capital, and to show how urgent is the demand to-day for effecting a reconciliation between the conflicting claims of Capital and Labour.

Before entering upon that subject I would like briefly to refer to a statement made in reply to my argument that the war had disproved the Socialist view that all wars are sought after and deliberately encouraged by the Capitalist class, and will "cease only with the suppression of the Capitalist system."

We are told that the wars are the result of maintaining navies and armies. But it would be untrue to say that our armed forces are wholly maintained by and for any one class in the State, or that these forces are waiting to exterminate a

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people and devastate a country at the call of any one class.

Again, my arguments clearly show that I was not concerned in any way with the German inducements to wage a war of extermination and destruction, to show that the entry into the war of this country was not the outcome of the machinations of the Capitalist class. Great Britain had the choice between war and an intolerable alternative. For her it was not, and is not, in its essence a war of interests; it is a war of ideals. Not a war of aggression, but a war in defence of principles, the maintenance of which is vital to civilisation. The German nation—militarists, capitalists, professors, priests, students, and the large class which is usually embodied under the general term of “workers”—had cultivated a warlike, restless, ambitious spirit of conquest, and the nation in arms was turned into a pack of wolves instead of watch-dogs.

I am asked if my suggestion is that “it is purely a military caste in Germany who forced

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the war?" About the time Germany forced the war upon us Mr. H. M. Hyndman wrote an article in which he spoke of the military caste "which, holding Germany in its grip, had resolved to make war upon Europe."

That, according to Mr. Hyndman, was the position in spite of the fact that the Social Democrats, with nearly five million votes in the election immediately preceding, formed the largest party in the Reichstag.

Sir Max Waechter, in an article ("Fortnightly Review," May, 1913) written to prove that the nations of Europe were being crushed by the burden of militarism, that militarism is perpetuated and increased by their divisions, and that armaments can be restricted only when the European nations become united, said: "In Germany antagonism against England is very widespread, principally among the masses, and it is so intense that during the recent Morocco crisis the German populace would have enthusiastically welcomed a war with England without thought of the consequences. This may appear

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exaggerated, but the writer happened to be in Germany at the time, and noticed the prevailing excitement with great concern. Happily the German Government did not allow itself to be carried away by popular passion, but the danger lies in this that at some other occasion the Government might be unable to withstand the war clamour and be forced into war in order to save its existence. The prejudice among the German masses against England has been artificially created. . . Happily a large proportion of the cultured and business classes are friendly to the British nation."

I was in Berlin myself at the culmination of the Morocco crisis, and I know how near we were to war at that time.

But it is not my immediate purpose to defend war between nations, but to put in a plea for a peaceful issue out of all our industrial afflictions. In the past it cannot be said that all our ways have been ways of pleasantness, and all our paths have led to peace. We have been too prone to array our forces on the field of war. Would it not be a good

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thing for the nation—for employers and workers alike—if instead of perpetuating industrial strife and thereby weakening our commercial supremacy, we were to turn to the field of diplomacy?

There are quite distinctive rights which belong to capital. There has been too great a tendency among the workers to countenance the ruthless violation of treaties of peace; to regard the settlement of a grievance as binding only upon the employer and leaving the worker free to ignore the pledges made on his behalf by his duly accredited trade union representative. Strikes and lockouts are alike a state of war. They are essentially barbarous and inhuman expedients, and the misery and suffering which follow in their train indiscriminately involve the innocent as well as the guilty section of the community who are held to be responsible for the disaster.

The “sympathetic” strike is the latest form of tyranny, and the evils caused by this weapon of Labour, whilst ignoring all the

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principles upon which a sound system of collective bargaining can be set up, create a profound feeling of suspicion and distrust between employers and their workpeople, bring widespread distress to the class of people in the community who can least afford to suffer deprivations which this industrial manœuvre of war entails, and weaken our stability as a nation.

My contention is that without direct State intervention the employers of the country on the one side and the workers on the other, and to the great advantage of both, could adjust their grievances without resorting to antiquated and merciless methods of force, the evils of which are so apparent. We should demand that the wheels of the machinery of the Industrial Council might be made to revolve when there is a danger of a serious breach between the principal parties of industry. The workers in the cotton industry will know that I have long advocated the establishment of a tribunal for dealing with deadlocks in labour disputes, and that in

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1911 the Government, acting on my proposal, decided that the best means to strengthen and improve the existing official machinery for settling and shortening industrial disputes by which the general public are adversely affected was by the formation of an Industrial Council equally representative of Capital and Labour. I do not close my eyes to the fact that arbitration in the past has been disappointing. The workpeople have distrusted it. They had a suspicion that it too often proceeded on the principle of "Heads I win; tails you lose." On the other hand, the employers distrusted it because of the growing repudiation by the workers of many of the settlements.

In the cotton industry we have taken a lead in improving the relations between capital and labour. The industry is highly organised; the leaders of the trade unions are men possessing the highest qualifications for the work they have to do. This the employers have always recognised and appreciated. The workers' interests have not suffered in

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their hands, and will not suffer in the future provided they receive the cordial support of the rank and file of the vast army of operatives. In the conference room they have proved their ability in the past, and the introduction of the Industrial Council will not in any way lessen their influence or that of their unions. All I ask is that instead of paralysing industry by having recourse to strikes and lockouts which belong to the age of barbarism we should bring all the wisdom possible to bear on our grievances, whether real or imagined, and thereby secure peace with honour.

A remarkably good illustration of the way in which the employers' and operatives' representatives can work together for the general welfare of the industry is provided for us in the admirable way in which the Cotton Control Board has accomplished the most difficult task of steering the industry clear of the rocks which at one time threatened to wreck it. The employers alone could not have steered the ship of industry into safety.

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Nor could the operatives' representatives unassisted have supplied the ballast necessary to secure a safe passage. Employers' and operatives' leaders combined have fought successfully against a turbulent sea of controversy, and relieved a terrible period of anxiety by their statesmanlike conduct and grasp of essentials. When we consider what has been accomplished by the Cotton Control Board it is idle to suggest that it is necessary to appeal to the strike and the lock-out to adjust any differences that may occur in the future.

But wherein lies the secret of the success of the work of the Cotton Control Board? It is surely to be found in the fact that arrangements were made by the Board of Trade compulsorily to bring the whole of the cotton industry—the federated and the non-federated firms—the unionist and the non-unionist workers—into line. The importance of this was made manifest in the report of the inquiry on industrial agreements. The newly-formed Industrial Council in 1912

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urged that any agreement that was reached in behalf of the employers and workers in any one industry, provided it received the sanction of three-quarters of the persons employed in that industry, should be held to be binding on the remaining quarter. If this advice had been acted upon when war broke out, many millions of money would have been saved to the cotton industry, which is admitted to have been the most hardly hit of all our industries.

If many years' observation and reflection entitle me to make a recommendation, it is that we should henceforth resolve voluntarily to abandon the wasteful and expensive methods of the past in the future conduct of our industrial affairs. We have to accept one of two alternatives—conciliation or alienation—a drawing together of the forces of industry or to risk the danger of a wider breach between them. The latter would hamper trade at one of the most critical times in our history. Besides playing into the hands of those nations which are to-day trying permanently to cripple us, such a policy would

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make our organisations practically useless, and the increased competition which we will have to meet when our armies return from the field of action would find us unprepared to meet it, inasmuch as we would be engaged in a guerilla warfare among ourselves. Conciliation, on the other hand, would open up a new and happier era, and when once established would not be departed from, since it would place our industries on a higher, firmer, a more secure and lasting basis, because the evil which had for so long been troubling us and conspiring to our ruin had been eliminated.

INDUSTRIAL RECONSTRUCTION.

I have referred to the great work of the Cotton Control Board in saving the cotton industry from disaster, the magnitude of which, but for wise forethought, experienced handling and sympathetic treatment of the employers' and operatives' representatives composing that Board, would have been incalculable. Sir Albert Stanley, President of the Board of Trade, was one of the men outside the cotton industry who admitted the seriousness of the position by his supremely wise declaration that none but those who had made the cotton industry a life-long study could be expected satisfactorily to deal with it.

The period through which we have passed since the outbreak of war has been unprecedented in its character; the anxiety both of employers and operatives has never before in

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the history of the trade been so prevalent and deep-rooted. When the Board was formed many of us who appreciated the problem it had undertaken to attempt to solve might have been disposed to show want of confidence in its ability at so late an hour to bring the much desired relief. The difficulties seemed insuperable. But as the weeks advanced the steady and experienced unravelling of the problem gradually removed our suspicions of failure; the incredulous were encouraged to be hopeful, and confidence generally was ultimately restored. There are dangers ahead, but we are prepared to face them with equanimity now that we know that our interests are in the safe keeping of men who have steadfastly, fearlessly and undeviatingly steered a safe passage among the rocks which have menaced us for the past four years.

Lancashire's staple industry, unlike the woollen industry of the neighbouring county, has been one of the victims of the war. The spinning and manufacturing of cotton goods

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have been seriously depressed by the conflict of arms; the manufacture of woollens, on the other hand, has been correspondingly stimulated in consequence of the demand for woollen productions for the Services. It is difficult to see how cotton manufacture can ever hope to maintain its normal trade during war. The raw material has to be brought overseas, and in a time of peace four-fifths of its manufactured goods are exported. These two factors are sufficient to show how difficult it is to keep even a moderate percentage of the machinery running. It is not surprising, therefore, that only a comparatively small section of the trade has had to pay any proportion of excess profits.

I hold the view that the exploitation of the war to build up riches is in the highest degree unpatriotic, not to say degrading, and any measure which is imposed to check such an evil influence, to discourage motives which must be foreign to the taste of all really patriotic citizens, should be welcomed. A war which some time ago was costing us

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approximately six millions sterling daily, has got to be paid for, and when the Government, in September, 1915, imposed a duty of 50 per cent. on all excess profits based on pre-war returns, it was generally agreed to be a fair and equitable impost, although there were industries which had to pay the 50 per cent. notwithstanding that the excess of profits could be shown to be not directly attributable to the war. As the days of the war lengthened, and the daily figure at which it was waged increased to such alarming proportions, the Government raised the tax, in 1916, to 60 per cent., and afterwards to 80 per cent. of the excess profits, and it is at the higher level that it now stands.

No doubt in many instances, and especially in the case of those firms engaged exclusively on munitions, the retention of only 20 per cent. of the profits of the pre-war standard is regarded as reasonable. But whether this is so or not I am quite satisfied that no firm would care to be suspected of exploiting the war for personal enrichment or the mainten-

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ance of high dividends. It is a well-known axiom that all profit which directly arises from the war should revert to the State, and if the application of that theory was practicable, little fault might be found with it.

But all taxation, in its incidence, makes unreasonable demands on certain members of society, and the same remark applies to some of our industrial enterprises since they are called upon to bear a financial strain which, if investigated by any impartial tribunal, would be found to be unwarranted. It is by the unbroken prosperity of our national industries that the financial burden of the war will eventually be met. It will, therefore, be a suicidal policy to bleed our industries to death by making unreasonable demands. While it may be quite right to call upon the providers of war material to return to the State the larger proportion of their profits, it may, on the other hand, be quite wrong to make the same demands on another industry which is not on war work, and which may have increased its profits not because of, but in

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spite of the war, through a closer and more effective supervision and by business initiative in opening up new channels of trade.

The ability of the country to meet its financial obligations will depend on the commerce of the country, which must be prepared to meet the strenuous conditions which will follow the "cease fire" on the various fronts. The immediate danger of the high duty is to arrest enterprise in our peaceful commercial pursuits. All industries should contribute their quota to financing the war, but it is hardly equitable that an industry which for quite a considerable period before the war was depressed, and which has since passed through great trials and tribulations, should now be taxed to the maximum amount. A study of the working of the staple industries of the country will show that boom years are invariably followed by periods of depression, and the average return on capital over a term of years is quite a moderate percentage in all of them. In the cotton industry, for example, this has been frequently demonstrated, and it

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is obvious that if excess profits had been charged in the boom years the average percentage left would have been so small as to discourage enterprise, and this would have been detrimental to the best interests of labour. In this connection I would like to give a warning against the erroneous impression created by the publication in the press of the results over short periods of the working of a selected number of cotton spinning companies without any explanation as to what has brought about these results. They may have been obtained in various ways; as, for instance, reckless speculation, or by such action as is now exercised by the Cotton Control Board. It must, however, never be overlooked that whatever the results may be, after allowing a modest percentage on the capital employed 80 per cent. is claimed by the Government as excess profits.

If we are to meet our national indebtedness we must not let our trade, commerce, and manufactures decline. We must stimulate our production to the greatest extent, and we

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can only do that by taking care that our industries are left with the means to produce more wealth. When the war is over we shall need capital for development. The cotton industry, as I have already stated, is not in a position to pay large excess profits, as it has been passing through a bad period in consequence of the war. The time may come, however, when a considerable share of the profits from textiles will be called for. It would be a good thing if those engaged in the cotton industry—spinners, manufacturers, and merchants—were to get the sanction of the Government for raising a fund for industrial reconstruction to be deducted from excess profits. Such a fund will be greatly needed. I do not propose that this fund should be utilised to develop any particular business, but that it should be used to stimulate the industry generally. We must do something to secure a more adequate supply of cotton and generally to assist the industry to meet the big demands that will be made upon it in the future.

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I hope and believe that the working people of the country will fully realise that it is in their interest that capital should be available to develop the industries in which they find employment, and that any taxation which discourages enterprise will not tend to their welfare.

The ideal position which I have often advocated is that the organisations of Capital and Labour should embrace all engaged in the staple industries; that there should be close co-operation between these organisations in dealing with the broad problems affecting these industries as a whole, and that there should be a fair division of profits between those who supply capital and those who supply labour, because each is indispensable to the other. We hear a great deal about profit-sharing just now, and I would suggest that the leaders of the employers and the employed in the cotton industry utilise the scheme for the regulation of wages according to the state of trade, which has been in existence for ten years.

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But to return to the subject of industrial reconstruction. I would emphasize this : If our industries are to recuperate after the war there must be industrial concord. Capital and Labour must reason together, and build up more harmonious relationships. We must have done with all the intrigues of one class against another class. We shall only find industrial salvation in our unity ; to perpetuate our divisions means disaster. The nation in the future will demand the maximum of production and a minimum of friction, and it is the duty of the employer to meet the employed at the cross roads, and so to settle their differences that the interests of the two classes shall henceforth be as one, and both parties shall march along the same road instead of taking divergent roads, which have in the past separated them into opposing camps. It is not possible, I fear, to formulate one welfare scheme to comprise all industries. There are, it is true, general principles which will apply to all, but there are special interests associated with most large industries,

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so that something in the nature of "self-determination" must be applied if we are to reach the peaceful agreements we all desire, and bring together all classes of employers and workpeople anxious for the welfare of their own industry, and banded together in defence of their common aspirations, and, above all, filled with the spirit which shall successfully re-establish British industries in a position of superiority which is so necessary to the well-being of all classes in the country.

LABOUR'S POST-WAR PROBLEMS

I have already sought to show how interdependent are the interests of Capital and Labour, and how urgent is the demand for a reconciliation between these two industrial classes if we are to re-establish our industry and commerce when this perilous and destructive war comes to an end. I have said that it is time that the employers and the workers of this country had reached the threshold of industrial peace and goodwill. I have worked for many years for a better understanding between all sections of the industrial army, and the schemes which I have launched for this purpose must be accepted as the measure of my sincerity for the cause. I only wish that any success that has attended my labours had been more pronounced. During former

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periods of trade depressions (happily the Cotton Control Board has shown how these can be successfully met) I have never failed to commiserate with the workers in their hour of trial, and to show an earnest desire to alleviate, where possible, their anxiety. As a leader of industry I have considered this to be my duty.

After having secured the approval of many of the captains of industry and the prominent labour leaders, the Government appointed the Industrial Council in 1911, the first official body where the chief representatives of capital and labour sat round the same table. This newly-formed Council had the whole industrial system of England under its eye, all the industrial practice and custom of England at its finger tips. At the moment the war broke out the industrial mobilisation of England was necessary and even vital—as necessary and as vital as the mobilisation of an expeditionary force. The Industrial Council was there, a perfect engine of organisation, every part in working order,

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capable, within a few hours, of getting up the steam pressure for war. It was not used. Why?

In this hour of national crisis one is constrained to emphasize what has already been said in regard to this very urgent industrial topic. We are, as it were, at the parting of the ways, and the choice of our road will have far-reaching results for good or for evil. If we are wise we shall take a wider survey than we are accustomed to of our national industrial position, for success or failure in the future will very largely depend upon what we make of our relationships to-day. The dangers ahead are not vague and imaginary; they are real, but I am confident that if we can reach a better understanding, and attune our lives more in harmony with the wants and aspirations of each section of the community—to deal out justice even-handedly—we shall go forward prospering and to prosper. In the past we have had, as it were, a succession of skirmishes. The worker has done his best to out-manœuvre the employer and the

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employer in his turn has massed his forces to meet any attack that has been made upon his position, and has not hesitated to deliver a counter-attack when the opportunity offered. During periods of discontent, whether limited or general in their application, we have resorted to war with a suddenness which seemed to leave out of consideration all the consequences of our action. Anomalous as it may seem, the workers have almost invariably consented eagerly to a fight against their employers—sometimes against the wise counsels of their accredited representatives—and have denounced any measure of arbitration, and yet a war between nations they hold to be iniquitous because, so they allege, it is fought in favour of capital and to the great disadvantage of the worker, who alone is represented by his spokesman to be the class to make all the sacrifice.

In a former chapter dealing with the proposed levy on capital I sought to prove that the representatives of capital have not taken all the honours while the

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workers have taken all the scars. I do not think that will be disputed, so that I need not pursue the subject further, beyond emphasising the point that I am not for one moment concerned with the inducements which led Germany to bring hell upon earth; to introduce a reign of terror, and to commit indescribable horrors.

We are told by some that the war was begun, is continued, and will be ended by German capitalists. Without any desire to defend the German capitalist, I cannot believe that the capitalistic class is alone responsible for the war. I am more inclined to believe that it is the outcome of the doctrine instilled in the German nation that "war was a normal state of civilisation; that the lust of conquest and the arrogance of race were the most precious of the virtues," and that this, and this alone, has been the cause of their brutal and licentious fury. No such indictment can be preferred against the capitalists of this country, and for that reason the whole nation is at war. There is no considerable

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section of the community that disproves our entry into what is for a war of defence of small nationalities and for our own defence. For this reason I assert—and the assertion I claim to be not in any degree unreasonable—that no one class should be called upon to suffer the conscription of its capital, but that all classes should contribute according to their means in order to overcome the enemy of the human race.

But whether or not the German capitalist is responsible for this terrible war, he will be responsible for the industrial war which is to follow. Of that there can be no shadow of doubt, and if we are unprepared to meet him because of our domestic wars, we shall not maintain our position in the world's markets. We shall enter upon a period of national decay—a national calamity for which our own squabbles, if persisted in, will not atone. We were unprepared as a nation for the military war. Are we going to bury our heads in the sand like the ostrich and allow the German industrial war to throttle us? If this is to be

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our attitude then we shall not have learned our lesson. The workers, in that event, will be the first to suffer. Industrial prosperity means something more than prosperity for the capitalist class. If the workers of any country are not prosperous, then the industries of the nation are in a decadent state, or there is something radically wrong with the industrial partnership.

Although I have no desire, unnecessarily, to perpetuate enmity between this nation and any other nation, because in that way we breed war; still we have to face facts. Self-preservation must be our first consideration. It is as certain as that night follows the day that an industrial war is coming. Nothing can prevent it, and where there is industrial discord the policy of forceful penetration will be directed with something of the strenuousness which has marked the waging of war with arms.

Industrial unrest in a time of national crisis is the parent of dangerous commotions and angry revolutions. We have already been

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threatened by manifestations of the insurrectionary spirit, and those who are anxious for our country's destiny must show the danger signal and point to the threatening disaster which may not be clearly seen by those who are making clamorous advances which are equally mischievous and groundless. I appeal to the workers of the country not to embrace the meaningless catchwords of a class who seem to have formed a nucleus for disaffection—who profess rebellion as a principle.

The mutual interest of the employers and the workers' demands, and the future well-being of the nation demands, that we should embrace every opportunity to uproot all causes of disaffection; to organise, not for war, but for peace, in our own industrial concerns, so that, free from the trammels of domestic strife, we may be ready to enter the new field of competition.

We must not forget that :

1. Our prosperity depends mainly upon trade, and for carrying on trade an

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adequate capital is essential. It is important, therefore, that the Government do not place needless restrictions on trade.

2. That it is necessary for the future that employers and employed adjust their grievances without resorting to the brutal methods of strikes or lockouts.
3. That the machinery of the Industrial Council, or some other organisation equally representative of capital and labour, should be brought into operation when any dispute occurs so that those best qualified to adjudicate on a grievance or grievances in any one industry may give a decision which the parties will be inclined to respect.
4. That, as recommended by the Industrial Council in 1912, an agreement entered into between employers and workers representing three-quarters of the persons employed in an industry should be held to be binding on the remaining quarter.

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5. That the leaders of the employers and the employed in the cotton industry utilise the scheme which has been in existence for ten years for the regulation of wages according to the state of trade.

I wish to express the hope that any views which I may have advanced will not be considered as indicating an uncharitable or unfriendly feeling towards the workers. I yield to none in my earnest desire for their welfare, and for the amelioration of their condition where it is found that the standard is not what it should be. Our watchword for the future should be "Unity." If we can attain this we need have no fear for our success in tackling after-the-war problems.

LORD BALFOUR'S COMMITTEE.

The report of Lord Balfour's Committee should be carefully studied by all those who take an interest in the future of our trade, and as the cotton industry is specially mentioned in connection with the proposal to introduce some form of Protection—the majority of the Committee decided against a general tariff—the conclusions reached have a more than passing interest for those who are connected with that industry.

I claim that it is of extreme importance that the views of those who are closely identified with any one of the large and important national industries—the representatives of both the employers and the employed—should express any views they may hold upon a question which so vitally affects their continued welfare, and which is of such extreme importance to the nation.

LORD BALFOUR'S COMMITTEE

It is as a spinner and manufacturer of cotton goods that I approach that part of the report which discusses our fiscal policy. We in the Lancashire cotton industry have always held that an active policy of tariff "reform" would inflict irretrievable disaster on the main industry of the county, and although I admit that a policy may have served an industry well in any one set of circumstances, and yet be inappropriate to another, it remains as true now as it did before the violent shock of arms and the many industrial convulsions, that the continuation of the Free Trade policy is regarded to be the only foundation on which cotton manufacturers may continue to advance along the road which leads to prosperity. Lancashire has never been divided on this question. With no uncertain voice the cotton trade has denounced the tariff "reform" scheme as a tissue of false assertions, impudent promises and contradictory nostrums.

The resurrection of the Protectionist policy after a rather hurried burial is due, of course,

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to the war, and we expect to hear much more about it in the discussions which take place in respect of our future trade. During the last three and a half years our sphere of vision has been enlarged, and there is good ground for the assertion that we must not only think Imperially but act Imperially, but it seems to me to indicate the supreme distillation of weakness always to adumbrate the policy of tariff "reform" in response to the demand that we must systematically and scientifically control our national industries if we are effectively to maintain our industrial supremacy. It is political expediency alone which strives to guide us into this Protectionist channel as though our trade cannot possibly survive unless we embrace that doctrine. But when the advocate of Protection has been deploring the ruination of our trade, our trade returns have shown the fallacy of his reasoning by indicating a record prosperity.

Free Traders will, of course, agree that British industry must not be imperilled by slothfulness. We must energetically pursue

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a business-like policy now that we are confronted with exceptional difficulties and contingencies. It would be a disastrous mistake to undervalue the magnitude of the crisis; to rest satisfied with the old order of things will not reinstate our industrial activities which have been so ruthlessly shaken by the war. At the same time the adherents of Free Trade will not accept tariff "reform" as a measure of industrial reconstruction. In the cotton trade any such measure would mean disintegration and impoverishment, and the more the question is studied from the point of view of the cotton trade the more damaging are its proposals. The hard facts of experience have satisfied us that any interference with our existing policy can only lead in one direction—towards ruin.

Enterprise, organisation and skill are the three essentials which go to the prosperous continuance of Lancashire's great staple industry. Any attempt to build up our supremacy on a policy of Protection will be found to be a delusion and a snare.

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The primary motive for the exhumation of Protection at this time is in the quite natural desire of our countrymen to restrict the commercial activities of our enemies by placing tariff barriers against their goods entering this country. Germany and Austria and other enemy nations are to be ostracised. Our people are to be asked not to buy any articles stained with the blood of our heroes; to cut off enemy countries after the declaration of peace, politically, industrially and socially.

It is not surprising that there should be a strong expression of feeling against further trading with either Germany or Austria. I am not at all anxious to open up trading communications with these countries or to have any further intercourse with the representatives of a people who deliberately unsheathed the sword and bathed the world in blood for their own aggrandisement. Any suggestion that our future relations with Germany should be on a basis of those which obtained in pre-war days is revolting, and if we could discover a method whereby, without danger

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to our national welfare, we could isolate Germany as a race of barbarians, I personally would welcome it. Germany has descended to the lowest depths of degradation by her calculated policy of slaughter. Her subtle and manifold influence for evil will not be removed for generations to come. In her Machiavellian pursuit for lust she has engendered suspicion and distrust which will long stain her national honour.

But there is another side which must be investigated before we enter upon a temporary or permanent policy of ostracism. We, as a nation, desire a permanent peace, militarily and industrially. Are we to obtain it by becoming a sower of national hatreds? Secondly, can we ignore the existence of the German nation, either politically, industrially, or socially? Our main purpose on the battle-field is to destroy German militarism; not to destroy the German people. If we successfully attain the former, and thus secure a welcome and satisfactory peace, are we then unrelentingly to pursue another war in the

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industrial sphere by an attempt to treat the German nation as though it did not exist? This would assuredly mean the exploding of another bombshell, and in the explosion some of the particles might injure our own interests as well as those of the enemy.

I submit that it is not possible completely to ignore the German nation in an industrial sense, however much we would like to do so. A blockade of tariffs against German goods would no doubt greatly restrict Germany's future exploitation of this country, but we would do well to bear in mind that her exploitation of this country in the past has been largely due to our own stupidity and unbusiness-like methods. We need to put our house in order; to supply the requirements of our customers and not to try to force upon them goods which are not suited to their trade. If we fail in this in the future as we have done in the past, Germany will embrace the opportunity to meet our deficiencies and repeat her past success of capturing our markets through our own neglect. The dye

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industry is the most flagrant example of this.

But to return to the cotton industry, a measure of Protection may cure one evil by creating a larger. The cotton industry could not live under a readjustment of our fiscal relations of the nature so persistently advocated by those who have proved themselves so hopelessly incapable of comprehending what their advocacy would mean. Whilst Protection may bolster up some industries, it would place others on the edge of an abyss, and the cotton industry is one that would be so placed. The mental picture of tariff "reform" advocates has its light and shade, but to those blinded by enthusiasm the shaded parts are obscured. The picture to them is all one uniform blaze of colour. But the man with the practised business eye who is able to appreciate the "make-up" of the picture, discerns in the darkly-shaded portion its inherent weakness. The whole scheme is not a work of art, but rather that of a disordered imagination.

The cotton industry has been builded on

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Free Trade, and if it is to return to its former prosperity, that policy must not be disturbed by any experiments introduced by the apostles of the tariff "reform" creed.

THE WORK OF THE COTTON CONTROL BOARD.

The war is changing our perspective of things. All around us we discern a process of clarification going on. Our ideas, whether they have to do with our business interests, or are associated with matters more directly affecting our common life in all its relations, have been thrown into the crucible to be refined by the consuming of the grosser parts, so that under the new order of things, which is being gradually evolved, we may show a better understanding as regards those things which are requisite and necessary in the communion of all classes in the State.

I am deeply concerned at the moment with the claims of Capital and Labour. For a long time before the war the relations between these two classes in British industry could not be said to be too sympathetic or friendly. The employer, generally speaking, was regarded as the man whose one aim in life

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was the exploitation of the worker in order to enrich himself in the shortest time possible. That was, and indeed is, a common ground of complaint among the mass of workers in the country, and I do not intend to call in question the justification of the allegation. The workers have been opprobriously termed "hands;" they have combined, in the eyes of too many employers, to form nothing more than one huge machine which only needed a few harsh regulations and a strict code of discipline to keep it active. The employer's interest in the several parts of the machine, speaking generally, has not been manifested in any but one direction, and that the production of wealth.

Grievances of one sort and another encouraged the workers to conspire against their employers, and the employers, in self-defence, have brought all the weight of their authority to bear against their recalcitrant workers. This has been a bad policy, industrially, to pursue, for while this internecine and wholly unsatisfactory

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struggle was allowed seriously to disturb our national productions, the foreigner was quietly, but none the less effectually, securing a footing in our old-established markets.

We appreciated the danger, but seemed to be too thoroughly engrossed in manufacturing or encouraging domestic quarrels to give it the attention it deserved. Neither party to the dispute seemed to be quite intelligible or consistent in its action; both parties desired a return to pleasanter relations, yet neither had the courage to profess it for fear that it might seem to suggest a wavering in the struggle and be accepted by their opponents as a sign of weakness. For this reason the weapons of obscurity or ambiguity were used, which tended greatly to lengthen the Pyrrhic contest.

We all admit that the relationship between Capital and Labour in the years that have gone has been unduly strained. In the artificially-created and clouded atmosphere we could not see far ahead; nor did we show any inclination to do so. I hope from now

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henceforth we shall have got clear of the evening mist, and that all the employers and all the employed in the country will be prepared to welcome the dawn of a brighter day when all the grievances of the past will be adjusted, and our industries will be entirely freed from all the entanglements which hitherto have checked our commercial advancement.

Perhaps it would be of service if I were to call attention to one authority which has done so much substantially to improve the relations between employers and employed. In the setting up of the Control Board, ostensibly to conserve the supply and to regulate the consumption of raw cotton in the Lancashire cotton industry, the Board of Trade has done a greater service than it contemplated.

Here we have the principle at work which for years I have so strongly advocated, and which was embodied by Government sanction in the Industrial Council—the principle of a tribunal representing all classes in an industry and charged with the responsibility of

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watching the interests of all, employers and employed, in that industry. The secret of the noteworthy success of the Cotton Control Board in the primary duty for which it was called into existence—the safeguarding of the great cotton industry in this country in this time of national stress and strain—is in placing the whole responsibility on the shoulders of those who have eminent qualifications for the work, and in whom the representatives of all branches in the industry have every confidence. Spinners and manufacturers are indebted to Sir Albert Stanley, the President of the Board of Trade, for recognising at the outset that only those who have given a life's study to cotton spinning and weaving, and are, therefore, well acquainted with all the technicalities and ramifications of these industries, could possibly give valuable service.

Surrounded with difficulties and in the force of circumstances called upon to regulate without that precise information which, if available, would greatly lighten the task both

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of control and regulation, the Cotton Control Board has earned the thanks not only of those who are directly and indirectly connected with the cotton industry, but also of the nation. In the conduct of its primary work, the Board has done magnificently. But it is another phase that I wish to emphasise, inasmuch as it opens up a new vista for the cotton industry as a whole, and may possibly assist other industries to arrive at a better understanding among employers and employed.

Hitherto, when a sectional dispute has occurred in a cotton mill directly affecting, perhaps, not more than a comparatively few operatives, the machinery for dealing with that dispute tended rather to widen its sphere of influence, than to lessen it and finally to remove the disaffection. The reason for this must be obvious since a far better and more efficient instrument for settling disputes has been found. We have, in the past, spoken with pride of our strong organisations of employers and employed, and I have always

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advocated that the stronger those organisations were the better it would be for all engaged in the industry. This is still true, but so long as we regard these organisations as fighting machines only, we may find them a source of weakness instead of a source of strength. Reviewing some of our disputes over the question of wages in the light of recent events, I am bound to admit that our organised strength, both on the part of the employers and of the employed, has been our weakness. Disputes which ought to have been settled in a day have been allowed to drag on for weeks, simply because neither side was concerned so much with the reasonableness of the claims, nor had the desire to enquire into them with a calm and sympathetic mind. This was our method of dealing with many disputes in the cotton trade, and the loss to both sides has been very serious.

I do not propose to interfere in any way with our cotton trade organisations. They will continue, I hope, to serve a good purpose

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in watching the interest of our industry in all departments. But the Cotton Control Board has taught us a valuable lesson for the future. To my thinking, it will be a great mistake if we allow that Board to dissolve when the war is over. We do not desire Government control one day longer than is absolutely necessary, but the composition of that body is such as might bring more peace and greater prosperity to the cotton trade in the years to come—an advisory body which shall be able to speak for the whole industry, which shall possess the full confidence of all the interested parties, and to which any dispute between the organisations directly concerned with one class of operatives or one branch of the industry may appeal as to an independent tribunal for an award on any question which may threaten trouble.¹ We must never lose sight of the important fact that a quarrel in one section of the trade will almost immediately affect every department of the trade. This danger demands a unity of control.

1. See Appendix I.

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We have recently had another application from the operatives for an increase in wages. This is the second application within a year of unprecedented anxiety and difficulty. Under the old system of tackling this question, and if left to the old machinery for negotiation and decision, I fear that weeks would have been swallowed up in trying to reach a settlement. A business-like proceeding and consummate tact settled the question in as many hours as it formerly took months to do, and so far as I know, both sides agree as to the reasonableness of the settlement.

I have followed closely the work of the Cotton Control Board, and I claim that it has brought the employers and operatives together as no other organisation has done. We were perhaps a little suspicious of it at first, but the longer our acquaintance the firmer is our confidence in the ability of its members to carry us successfully over our present difficulties, and when freed of its responsibility to Government, I maintain that the industry generally would gain immensely if it were to

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retain such an institution as the Industrial Council of the Cotton Trade, with power to enforce upon the whole industry any decision reached by three-quarters of the representatives of Capital and Labour in that industry—a mode of procedure recommended by the Industrial Council in 1912.

THE COTTON INDUSTRY AND THE CONTROL BOARD.

We are on the threshold of vast industrial and commercial changes, and, by way of appreciating that fact, I have suggested that the Cotton Control Board should not be dissolved when the grave problems which called it into existence have been solved, or automatically removed by a return to peace. I made this suggestion in no partisan spirit; it emanated from a desire to ensure to the cotton industry what I conceive to be of paramount importance—the retention, permanently, of an entirely independent and fully-qualified consultative board, to which all parties in the cotton trade may appeal (1) for guidance in times of doubt and difficulty, (2) for a review and a settlement of grievances, and (3) to represent the industry as a whole, both on national and international questions, and that

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in all matters the voice of the workers as well as the voice of the employers shall be articulate.

There is a tendency in all wars to inoculate the engaging nations with the bacteria of general paralysis, generally to dislocate the delicate mechanism of the world's industrial activities, to throw out of gear all the efforts towards productivity, and thereby to threaten the national prosperity.

It is not my aim, however, to turn my readers' thoughts to our present discontent, but to direct the industrial army along a higher and better road when the clash of arms has died away, and the work of reconstruction has begun. To employ our faculties in high designs—therein lies the hope of the future; and actively to pursue just those measures of reform which the combined thought of the leaders of the cotton trade maintain to be necessary will alone bring about that peaceful revolution; that co-operation of employers and workers which will ensure our supremacy in cotton

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textiles, and enable us to win our way through the severe competition which is promised in the future.

To advocate reform in the cotton or any other industry is an easy matter. We in this country are always talking of reforming someone or something. But I hope that we mean business now, and that those who have really serious and reasonable proposals to make will assist in the shaping of constructive and reforming plans. First and foremost, I maintain that we must lift the workers to a higher platform. We must do something to make them more contented with their work, for this would, in turn, give them a larger and brighter outlook upon life in all its aspects. In all our measures for reforms we must not forget, first of all, to bring contentment into the spinning mill and weaving shed. With complete harmony there we shall not experience any great difficulties when approaching other questions of reform and reconstruction. I have long thought that we might deal with the wages question internationally—to raise

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the standard rate of wages for cotton workers in all the cotton spinning and manufacturing countries of the world. Many important cotton trade problems were being dealt with from the international point of view for years before the beginning of the present war. In all industrial undertakings there are two outstanding requirements—a reasonable return on capital, so that enterprise may not be discouraged—this is as important to the worker as the employer—and the payment of a fair standard wage to the worker. To-day the English spinners and weavers are the autocrats of the industry when considered internationally, but I would like to bring about a levelling up among the workers in other countries. I do not think this is impossible of achievement, but it can only be done if we can get the other countries to agree to such a policy. At the end of the war it should, then, be one of our first duties to get into touch with the cotton leaders of other countries, and appeal for a higher standard rate of wages to be paid to all workers in the industry. The

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co-operation of Continental, American and other countries in this matter might render it possible for us to maintain or even raise the present position of the workers here after war conditions are ended, without unduly enhancing the cost of clothing to the consumer.

Turning to the general question of trade after the war, it is of the greatest importance that we should have an organisation possessing the required technical qualifications to help us to attain an even higher standard of efficiency, and to consider in all its bearings the application of science to industry. This has been seriously neglected in the past, and we are suffering the consequence of that neglect. We must not be reluctant to adopt new methods. The Departmental Report on commerce and industry deals pointedly with this matter. It says that "the long start which the United Kingdom had enjoyed in the world's trade, and the great achievements of her manufacturers and merchants had engendered a feeling of confidence in the maintenance of our position, and

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in the methods hitherto pursued, with the result that there was, until recently, but little recognition of the necessity for constant vigilance and constant effort to meet the changing conditions and requirements of the world's trade." This statement applies to the whole of our industries, and the cotton industry will do well to bear that fact in mind. The English cotton industry is essentially an export industry, and is mainly dependent on foreign trade.

The Textile Trades Committee reported that all the evidence received tended to prove that the strength of the British cotton trade, both in yarns and cloth, in the competitive markets of the world, was practically unimpaired, although considerable changes were taking place in the character of the trade. In the great markets of the East, and South America, which absorbed more than 70 per cent. of the export trade, British goods before the war were, on the whole, maintaining their position.

Reference is also made to the Japanese

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trade, but very few realise how small their industry is, and how great are the difficulties in carrying it on. Japan has, approximately, under $2\frac{1}{2}$ million spindles against, say, the 60 million British spindles.¹

The Departmental Committee record their opinion that there is already a deficiency in the supplies of raw material as compared with the possible consumption; that this deficiency is likely to increase in the immediate future; and that it is eminently unsatisfactory that one of the principal industries of the United Kingdom should be so largely dependent as it is upon one source of supply—the United States.

It is recommended that every possible effort should be made to secure a more extended growth of cotton within the Empire, particularly in India, Egypt and the Soudan, which, owing to the great development in these countries during the last decade, is becoming a very important factor.² These countries are now supplying an amount

1. See Appendix II.

2. See Appendix III.

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approaching one half of the raw material required for the cotton industry of the world, the larger portion of the world's crop being still supplied by the United States.

To undertake the work which is outlined here demands a specially constituted body of men thoroughly conversant with all the needs of the trade, and it is to the Cotton Control Board that we must look to deal with these far-reaching and important proposals, so that one of the largest industries in the country shall not be placed at a disadvantage in the commercial world fight which will most assuredly come when the noise of armed battle has died away.

THE ORGANISATION OF TRADE

The success of organised industrial effort is measured by the peaceful conditions which obtain in any given industry. But all organised effort, if it is to reap the full reward of organisation, must be comprehensive. To organise with a view to increased production, and not to take into account the position of the rank and file of the producing army, must be fatal to production. For the employer to strive to secure a greater return on his capital—a quite legitimate effort—and at the same time to ignore the reasonable demands of the worker, will create dissatisfaction among the general body of workers, tend, finally, to upset all the plans which were laid in the name of organisation, and lead to disruption.

The end of all organisation should be efficiency and contentment. These desiderata

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cannot be gained or maintained if we permit divisions of opinion, or grievances to irritate and annoy either the employers or the workers. It is time that we had done with such absurd catch words as "the tyranny of Capital" and "the tyranny of Labour." We must go forward in the future bound indissolubly together, the employers giving more serious and sympathetic consideration to those whom they employ, and the workers, in their turn, putting an end to the "ca' canny" system, increasing their interest in their production, and turning aside from any attempt to throw undeserved suspicion and distrust on those who employ them.

Happily, there prevails in the cotton industry a system of organisation which assails any attempt of the employer to exploit the worker, and also to check any insidious designs on the legitimate interests of the employers. These organisations, in the past, have done a great service to the cause which each represents, but they do not fully represent their respective interests, and, inasmuch

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as they are rival organisations, are not competent to organise the industry from one end to the other, which is now so urgently demanded.

The weakness of these organised bodies, considered, of course, in the light of the general question of reconstruction, and as channels for conciliation, lies in the fact that the machinery employed is intended to mobilise the respective armies for a fight; not to offer the olive branch of conciliation. In the nature of things there is, of course little disposition to accommodation, no burning desire to placate conflicting interests; too great an inclination to contention and wordy litigation.

The question of wages has been, and still is, the common ground of dispute. The general welfare of the worker is considered to be met in the settlement of a wages claim. The adoption of a reasonable wage standard does, it is true, pave the way to industrial peace and concord, but far too many employers are content to regard their work-

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people's claim upon them as having been satisfied with the payment of wages for work done. The claim I make is that we must more closely harmonise the interests of employer and worker. Our aims must be on a more comprehensive scale; our outlook must be more sympathetic one toward the other, and the general welfare of the whole industrial community must be widened and deepened.

In these days of big combines, the separation of the employers from the workers has been so greatly widened that there is now felt to be no community of interest. There are a few firms of the old type in which the employer considers it his duty to be brought into daily contact with his workpeople, and the direct result of this considerate relationship is everywhere seen in the feeling of contentment that prevails. But firms which are merely dividend-making concerns for a community of people whose interest in the cotton trade does not advance beyond their own direct financial interest, have not, generally

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speaking (there are a few outstanding exceptions), made any really honest attempt to improve the conditions—industrial, social and economic—of the workers who are dependent upon them for their livelihood.

We want to raise the status of all industrial effort. In the cotton industry we have gone a long way to establish that better understanding between employers and employed which I have urged for many years. But we have not reached the highest altitude of organising ability. In what I will call our merely “trading organisations” we have not enjoyed that unity which is so vital to progress. The Federation of Employers, in its scheme for the welfare of the industry, has been repeatedly thwarted by firms who held aloof—who claimed to act independently and yet took great care to enjoy, without cost to themselves, all the privileges gained by the federated firms, whilst not submitting to regulations which have imposed on the majority of the firms in the trade a line of action which was not considered at the moment to be so

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acceptable. The operatives' organisations have been similarly handicapped through the existence of non-union members. Some firms have actively encouraged non-unionism and helped to retain that bitter feeling between federated and non-federated firms and between union and non-union operatives.

For years these organisations have had to submit to a loss of power and prestige in consequence of this independent and disloyal section. But the war has brought about a change. To-day, the industry is represented by a Board whose decisions must be everywhere respected, and disloyalty is punished. The non-federated firms have been made to toe the same line as the federated firms, and the non-unionist operative has seen the advantages of alliance with unionism more clearly. The Control Board's decisions affect all; there is, as far as possible, equality of opportunity. No firm is allowed to run all its spindles because it is outside of the Federation of cotton spinners, for it is decreed that what is good for three-quarters of

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the industry must be considered to be beneficial to the whole.

The end of the war will relieve the cotton industry of great anxiety. Government control, I hope, will not be always necessary to demand uniformity of action. We shall, no doubt, in the future, have alternating periods of peace and prosperity, and discontent in periods of adversity. The employer will have to demand greater efficiency in all departments of industrial activity, and the worker will of course claim his rights.

We may have to submit to some form of State regulation and supervision in order to bring about unity of action if we do not agree among ourselves to initiate a system designed to upset the anarchic methods of revolt which have obtained in the past. The old method of negotiation will certainly have to be "scrapped" if we are to make progress. The hostile spirit so often manifested in the past between employers and operatives, through their organisations, must be exorcised if we are to go forward conquerin^g and to con-

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quer in the markets of the world and to have peace and contentment in the spinning mill and the weaving shed.

These are a few considerations which must claim our undivided attention now. We cannot countenance delay. Employers have great opportunities before them. If they make the best of these we have nothing to fear. If they neglect them our industrial anxieties of the past will accompany us in the future with consequences far-reaching in their scope and seriousness.

THE RAW COTTON PROBLEM.

The question of improving the baling of American cotton both as regards its shipment to this country in first-class commercial condition, and as a means of economising space, both in our ships and warehouses, has received my constant attention.

At the end of March, 1918, I received a cablegram from the National Association of Cotton Manufacturers, Boston, Mass., a body of which I am a member, urging me to influence the British Embassy at Washington to recommend, as a war measure, to the American Government, to increase the density of American cotton bales; at the same time reminding me that this was a reform I had advocated for many years in my position as President of the International Cotton Federa-

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tion. To this appeal I at once responded, and had this proposition been carried out in past years, it would not only have enabled the carrying of a much larger quantity of cotton in each ship, but would have materially helped to win the war.

It is evident that at last a fiercer light is being thrown on the grievances which I have so long exposed. The signs of the times are favourable to the party of efficiency and progress, and a reforming movement is now taking firm root in America as well as in this country.

The spinning mills and weaving sheds which combine to make up Lancashire's great industry of cotton manufacture are separated from the cotton-growing fields by wide stretches of sea. Just think of it! An industry which, with its subsidiary and dependent industries, gives employment to millions of men and women, has to rely for a continuous supply of cotton of all descriptions coming regularly to this country from overseas. This, on the face of it, looks like

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taking an unnecessarily big initial risk. Suppose, in any one year, the cotton crop of the Southern States of America should fail, or that any one of a hundred contingencies were to arise and to interfere with that supply to this country, what would happen?

What is happening now? The nations of the world are at war, and an industry which, it is said, supplies nine-tenths of the clothing of the world's inhabitants is seriously crippled. We have known all along that in that event it must be seriously crippled, and become largely ineffective—that cotton would certainly be short in supply, that spindles and looms would have to be stopped, that a large army of operatives would be idle, and that grave discontent would exist. The price of cotton has soared to an almost incredible height, and gradually the stocks of cotton which are available for the mills are being greatly depleted. These are two of the worst evils that could possibly attend the industry at any time, and they cannot go on interminably without the industry being dis-

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organised. Cotton is now controlled, and the price of the raw material is exceptionally high; the passage of the seas also is not free and open, pirate bands being at large reducing the shipping facilities to a serious point.

But, unless the position improves soon—and we have been holding on determinedly for a long time—the Lancashire industry will be still further crippled. This does not mean merely silencing the machinery in the mill and turning the key of the entrance gate, to leave the furnaces gradually to cool down, and the last pillar of smoke to climb lazily up the long chimney to its release; it means cutting off automatically the livelihood of the larger part of Lancashire's population, and throwing the county into deeper mourning than it now displays as the result of the sacrifices and miseries which are the outcome of the war.

But the majority of the people in the Lancashire cotton trade who had the power to arrange matters were indifferent as

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to the steps that could be taken to minimise the effects of war on their industry. As with Imperial and national affairs, so it was in the matters of industry. I am not surprised that a country which looked to the foreigner for the greater part of its foodstuffs when it could have grown most of its food in the homeland, did not embrace the suggestion that we should place ourselves on the right side in regard to our possessing a surplus of material for clothing. To have done so would have been illogical. It is not astonishing, therefore, that when I and other members of the International Cotton Federation sounded an alarm, we were looked upon as visionaries.

Years before the outbreak of war, I supported what I considered to be some urgent reforms for the cotton trade. The two main proposals directly touched the question of creating a reserve of cotton, so that in times of scarcity in the cotton fields, or through any other cause likely to interfere with the running of the Lancashire mills, we might have

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a stock of cotton which could be rationed to the trade in much the same way as the cotton is now distributed. The other urgent need was high-density cotton-baling.

Let me deal with the improved baling of cotton before I say anything more about the storing of cotton. Secure in the control of a great natural monopoly, cotton growers of the Southern States of America, and more especially the army of interested merchants who "handle" cotton before it reaches the spinner, have shown a contemptuous indifference to the opinions of those who, on this side of the Atlantic, have for years advocated very necessary reforms in the baling and handling of cotton.

Does the Lancashire cotton spinner and manufacturer want evidence as to that undesirable character—the American bale?

"The American cotton bale is a 'dirty, damaged, disreputable, water-soaked, wasteful, slovenly, clumsy, highly-inflammable, turtle-backed package,'"—Judge Ogden, at Washington Convention, May, 1906.

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“It is the clumsiest, dirtiest, most expensive, and most wasteful package in which cotton, or any other commodity of like value, is anywhere put up.”—An American book on “Cotton.”

This is a “bill of indictment,” drawn up in truly American terms, about baling of cotton in that country. It is so comprehensive and so scathing that if there was any evidence on this side of the Atlantic to support it, I think that the unprejudiced and independent opinion so clearly and forcibly expressed, would be convincing enough.

British and Continental spinners, through the Congresses of the International Federation, have poured the greatest obloquy on the American bale for years, and it is quite probable that the above quotations were penned by way of giving support to the spinners' complaint. The evidence against the methods employed in baling and handling the American crop has been overwhelming, and resolutions demanding reform have been passed at International Cotton Confer-

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ences, and in turn ignored by the vested interests desiring to perpetuate the antiquated method of baling.

Happily, I can record one serious, and, indeed, successful attempt to improve things. My friend, Mr. Harvie Jordan, of the National Cotton Association, U.S.A., Atlanta, Ga., succeeded, in June, 1908, in organising the Farmers' Gin Compress and Cotton Company, with headquarters at Atlanta. In a letter he wrote to the International Cotton Congress, when it met at Milan in 1909, Mr. Jordan said that their ambition was to prepare and deliver a neat package of cotton to their customers, upon the most economic basis, and entirely freed from that system of waste and bad baling which had so long characterised the American bale. "The mission of the grower is to produce raw cotton, and that of the spinner and manufacturer to convert the raw material into the finished fabric. These two interests (Mr. Jordan added) should combine in forcing those middle interests which occupy

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the various positions of ginning, baling, handling, and delivering the crop from the farmers to the spinners to introduce and maintain such methods as will meet the demands of modern requirements at the hands of twentieth century civilisation."

Generally speaking, however, the American bale, although slightly improved, is still a long way short of what it should be, and the cotton is treated as though it were of trifling account.

The reforms which we spinners advocate may conveniently be summarised as follows :

(1) That the unbusinesslike and wasteful methods which now obtain in the baling of American cotton should give place to greatly improved methods of baling. In short, we want common-sense and business experience to be exercised in handling the cotton intended for our market.

(2) That the Egyptian gin-compressed bale is a better-protected bale than any other bale on the market, and we strongly recommend

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the American growers to adopt that type of bale, not in the remote future, but now.

(3) That the high-density baling is an urgent necessity, since shipping accommodation is so restricted. There is, too, the consideration of cost of transport, which would be greatly diminished annually.

(4) The regularisation of the supply and the price of cotton by means of a reserve of cotton. This reserve, if properly established, would go a long way effectively to eliminate the evil of reckless speculation, which has done so much in years past to bring about violent fluctuations on the market, and generally to disorganise the industry.

Compression of cotton is a means of economy in transportation, and that is a question which at this time overrides all others. Financially, too, it would be a great gain, since it is estimated that it would save at least 50 per cent. of the expense of the present system. The demand for an improved American bale is everywhere insistent, and along with it there is the imperative necessity for a

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better handling of the product. The American bale of cotton, for some quite incomprehensible reason, is treated in just the way that one would not expect it to be treated. It might be a commodity of inconsiderable value; a surplus of production for which there is no outlet.

At the International Conference of Cotton Growers, Spinners, and Manufacturers, held at Atlanta, Ga., in October, 1907, the following resolution was unanimously passed :

“ We condemn the bagging now in use. First, because of its rough and coarse nature, it invites rough treatment; second, it does not hold the marks; third, on account of its great weight and bulk it entails heavy loss in freight. We therefore recommend the use of a light burlap or covering made of cotton, such as Osna-burg, 10 oz. weight per yard, 40 in. wide.”

Before leaving the question of the American bale wrapping, I would like to quote Professor T. J. Brooks, of Mississippi, who, in a paper prepared for the ninth International

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Cotton Congress at Scheveningen, in 1913, said that those who opposed the necessary changes in the baling of American cotton were:—(1) The compress companies; (2) buyers who have interest in compress companies; (3) buyers who are interested in banks which carry large accounts with compress companies; (4) buyers who make a profit out of samples pulled and kept; (5) buyers who anticipate that the gin-compressed bale will make it easier for the farmer to sell direct to the spinner; (6) men who are in business sympathy with cotton buyers for financial reasons; (7) members of exchanges who surmise that direct selling might lessen the volume of exchange contracts; (8) grafters who export cotton upon which they have added excess tare and make the spinner pay for the same; (9) manufacturers of old-time presses.

Turning to the higher density baling of American cotton on much the same lines as the Egyptian bale, the arguments that might be advanced for this reform are most con-

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vincing in normal times. To-day, the transport difficulties demand the change, and the interests involved in perpetuating the old and deliberately wasteful system must be made to give way. We are now allowing private interests to dictate in a matter of supreme national and international importance. To reiterate all that has been said on this matter for years past is not necessary. The need of the hour is strenuous action. Private interest must fall before a great international need.

Finally, I appeal to the cotton industry seriously to tackle the all-important question of establishing a reserve of cotton. If the cotton for the mills of Lancashire could be grown in the adjoining county of Yorkshire, and every year the crop could be so arranged as to meet all the requirements of the industry, the position of the British Industry would be in a much more stable condition. The price of cotton manufacture could be regulated, the evil of speculation could be eliminated, the grower might be guaranteed a reasonable price for his cot-

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ton, and the question of high-density packing would not be a matter about which any branch of the trade would need to give a moment's thought. But cotton will not grow in Yorkshire, or in any other part of this country, so that for a considerable proportion of the cotton consumed in this country we have to look to America. We have, therefore, to take things as we find them and act accordingly. From experience, we know that cotton, like all other crops, cannot claim immunity from unfavourable climatic conditions, and that the insect pest is sometimes responsible for greatly reducing the harvest. Wars and rumours of wars, insurrections and rumours of insurrections, threatened labour troubles in the field or on the railway, incessant rain or a period of drought—all these and many other movements affect the size and the distribution of the cotton crop. In one year there is abundance; in another dearth.

The remedy for all this, I maintain, is the completion of a scheme which shall place us above all these disturbing influences. We

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are to-day building up reserves of food, and although we cannot now build up a big reserve of cotton, we have an organisation charged primarily with the responsibility of conserving the small supply of cotton which now manages to find its way to our shores. We are now reaping the folly of the past. The war has shown us how necessary it is even in times of peace to look ahead; to prepare for emergencies. Let us at once lay our plans for meeting the exigencies of the future of the industry. We want all the cotton we can get, and in years of plenty we should be building up a supply to be drawn upon in years of scarcity.

The United States of America and the British Empire practically control the cotton crop of the world, and at the outbreak of war I made proposals for dealing with the situation that had arisen, which, had they been carried out, might have had an immense bearing upon the duration of the war.

What I suggested in August, 1914, was that the British and United States Govern-

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ments should have employed the organisations which deal with the cotton crop of the world to regulate matters in such a way as to minimise the effects of the outbreak of war. This was a purely business proposition, but was received at the time with apathy by those most interested.

Anything that adversely affects the growers of the raw material of a world-wide industry, such as cotton, must undoubtedly recoil on the users of that raw material. The grower of cotton, if involved in serious loss, as was the case at the outbreak of war, may turn his land to the cultivation of other and more profitable crops, whilst the cotton spinner and manufacturer can only spin and weave cotton. Taking a general view of present conditions, I fear a crisis as regards the raw material for the cotton industry, is again arising. It is to be hoped that, as was advocated at the commencement of the war, a much-needed reserve will be created. Any surplus that may have been grown as a consequence of the stimulating influence of

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the exceptionally high prices ruling during the past two years, and which will be accumulated as a result of the enforced idleness of so many of the spindles and looms throughout the world, owing to war conditions, ought to be controlled by the Governments concerned.

Let me briefly summarise my main proposals. They are :—

(1) The improved baling of American cotton is imperatively necessary, not only as a war-time economy, but as a distinctly commercial proposition. The wasteful system which now obtains fails to give satisfaction to any of those who are directly concerned in the spinning and manufacturing processes.

(2) Increasing the density of the packing of American cotton is a reform against which no reasonable argument can be advanced. It has been demonstrated that such reform would have the effect of saving millions of pounds sterling yearly. As a war measure it is of the utmost importance, and should be adopted forthwith.

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(3) That the establishment of a reserve of cotton is not a visionary, but an eminently practical proposal, and that definite steps should be taken at the earliest opportunity to accomplish something in that direction,

MAN-POWER AND INDUSTRY.

In this hour of the nation's history which is destined to have far-reaching effects, either for good or for ill, on this and succeeding generations, I hesitate to say anything of a critical character touching the new Man-Power Act, lest in some quarters I should be thought to be advancing arguments dictated by purely personal motives.¹ In order to remove any suspicion of that nature, I say here and now that my only desire is to be of service to the nation; to assist, with practical advice, those upon whose shoulders rest the heavy responsibility of meeting the urgent needs on the battle front whilst safeguarding our industries at home.

We all realise that Great Britain is burdened with tremendous military responsibilities. A Power so circumstanced cannot afford to trifle with its strength or ignore the industries upon

1. The new Man-Power Act received the Royal Assent on April 18, 1918.

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which the Empire has been built, and, while I would much prefer not to strike a pessimistic note, I feel that I ought to remind the public that our short-sightedness in the past is greatly to blame for the harassing sense of insecurity which is now permeating our industrial life, to appeal to our statesmen to take a more businesslike and broader view of our industrial requirements, and to urge with all the influence at my command that nothing of a drastic character should be attempted (except after consultation with the representatives of industry and commerce), which would in any way militate against the continuance of our industries, which are so essential, not only to the nation's welfare, but to the Empire as a whole. Men of industry and of commerce ask this in no way as a favour, but as a right, since the continued prosperity of our industrial life contributes so largely to success on the field of battle and to comparative contentment at home.

In the years immediately preceding the war we, as a nation, disregarded the warnings

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of men who discerned the gathering clouds which they knew to be a prelude to a disastrous storm. Indeed, so secure did we consider ourselves against the military ambition of any other nation, that when the Germans were actually on the eve of deploying their troops for attack, in order clandestinely to overwhelm our neighbours and ourselves, we were asked by a noisy, but not influential, section of the community to curtail our naval expenditure and to be satisfied with nothing more than the skeleton of an army. To the cry, "If you want peace be prepared for war," came the rejoinder, "If you want peace be prepared for peace."

We had embraced the old, unbusiness-like policy of "muddling through" any serious emergency. None of us will readily forget how, like a thief in the night, the enemy sprang upon us in the sure and certain hope of snatching a victory before we had the time to array ourselves to meet him. But, thanks to the men of our navy and of our army, the ancient glory of England has been

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adequately sustained, although at a cost which was much greater than would have been the case had we been better prepared.

I have briefly reviewed the period before the war in order that what I have to say about our industries shall be fully appreciated. The first point I wish to make is that if our military position had been more in accordance with our responsibilities, our industrial activities would not have been interfered with as they are to-day, for in providing adequately for our military defence, we would have been prepared with a systematic plan to meet military requirements. We should not, for instance, have been so blind to the interests of the army as to deplete the country of skilled engineers by placing them in the trenches instead of retaining them behind the benches in the munition shops. Even in the rush of recruiting one would expect some thought to be given to the demand for men for feeding the rifles and guns, for without this necessary provision no fighting army can exist for a day.

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We have been greatly handicapped in consequence of a lack of system and organisation, and these defects have had a most disturbing effect on industry. How much better it would have been for the nation if we had left our mobilisation to men of proved business capacity, organising ability, and sound common sense, and accepted the advice of such men, without question, on matters which men immersed in politics cannot be expected to handle successfully.

The mere politician might conveniently be eliminated in a great crisis like the present. I do not, of course, expect to find finished examples of moral excellence—the just made perfect—but the country is surely not in a state of bankruptcy as regards men possessing some of the elements which go to the making of organised efficiency. One of our urgent needs at this time is a man with an almost instinctive skill in discerning dangers, and of applying measures to meet those dangers which will not create difficulties in another direction. In spite of serious errors of

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judgment in the past, the policy of the Government seems to be to ignore the indispensable claims of industry. Now it cannot be controverted that if, on the one hand, we are piling up a huge war debt, and on the other we are menacing our industrial life by withdrawing indispensable men from their civil occupations in order to place them in positions in the military machine which might be filled by other and more suitable men, and if by adopting this course of action we seriously cripple some industries and actually bring others to a standstill, we shall be following a course that can only lead to disaster. A nation that is fighting for its existence must have the money with which to fight, and as long as industry is able to find the money, and not a day longer, the fight may go on to what we confidently hope and believe will be a glorious victory. It will be a suicidal policy seriously to reduce our industrial activities and thereby weaken our financial position. I cannot bring myself to believe that it is the deliberate intention of the

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Government to do this, but of one thing I am certain, that if the present official attitude towards industry is maintained, whether it is intentional or not, the general dislocation which will follow will be disastrous from an economic point of view.

We have to draw a clear line of demarcation between the essential trades and what are termed luxury trades. In the national welfare—and this is the view-point to which I address myself—all forms of luxury, without exception, ought not to be admitted into our war-time expenditure. We cannot afford to lay out money on things that are superfluous. I need not enumerate the non-essentials. Anyone could draw up a formidable list of extravagances which are to-day indulged in as though we were living in normal times. Any steps that are taken to check useless expenditure will be welcomed.

But the essential trades should not be subjected to any measure which may mean seriously restricting or stopping them. Indeed, it is in the national welfare that they should,

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if necessary, be supported by the State. Two of the really essential trades are those which provide food and clothing. The provision of coal, too, cannot be left to chance. Then there are the dependent industries. I need not name them all. It is sufficient for my purpose first of all to prove that if we are to have any care for the comfort and well-being of the civil population, we must not close our eyes to their urgent and legitimate demands for the necessities of life. The fact that we are taking our part in the largest and most hideous war known to history surely compels us the more closely to nurse those industries which are so vital to keep the people at home free from anxieties over and above those which are inseparable from the war. In this way we shall be assisting our soldiers at the front to march against the enemy confident in the knowledge that their people at home are immune from the great dangers which, in times past, have involved the non-fighting part of the population.

It is our duty at home to sustain the national

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spirit; not to paralyse it. Our leaders must move with circumspection in anything that they may do in order not to encourage suspicion or breed anxiety. The increased production of home-grown foodstuffs is a work of paramount importance. We are short of food now, and the failure of the harvest in any one year would bring us within measurable distance of starvation, because we cannot, as formerly, rely upon supplies from overseas. If our aims are dictated by prudence and foresight, we shall cultivate every available piece of land. We never could afford to neglect agriculture; we certainly cannot afford to neglect it now. Farmers should receive every encouragement to produce food in such quantities that we may be able to pass through this great national crisis without compelling the people to submit to a further reduction in their food supplies. Any appearance of neglect in this matter will tend to lower the moral force of the nation, and cause a feeling of restlessness which will not be easily removed. Through

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our thoughtlessness in the past—or should I say maladministration?—we have looked too much to the foreigner to feed our population. The extreme folly of that policy is now made manifest. The feeding of our people is one of the most urgent—it is *the* most urgent—problem with which we have to deal. Are we facing that problem with the resoluteness it demands?

Some may think that I am imagining a situation which is not likely to be experienced by our people; that I am painting a distressful picture out of an imagination which is running to excess. But I would ask what is likely to happen if our recruiting agencies have failed to profit by the mistake which was made in the earlier stages of this war, when men were taken for the Army quite regardless of the fact that they would be giving better service at home? In this earlier instance, it is true, the younger men were taken; but that fact only strengthens my case now that the older men are liable to be withdrawn from their civil occupations for some form of mili-

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tary service. The younger men were, in most cases, fitted for the more strenuous life in the trenches. The men between forty and fifty, generally speaking, are not. But that question may be left to the military authorities. All that I claim is that men with a knowledge of the trades that are to be affected by the new call to the colours should have a choice in the class of men to be withdrawn from industry.

The fear to-day is that those who are responsible for issuing the calling-up notices will not be in a position, through lack of knowledge, to discriminate between the essential and the non-essential trades, and the essential and the non-essential men in those trades. If we are further to deplete the army of men on the land our food crops will be seriously reduced in consequence. That contingency is one that should deter us from taking so grave a step.

If we turn to the cotton industry—an industry which, from the beginning of the war, has been seriously restricted in its output of goods through the shortage of the raw

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material and labour—I submit that there is a grave danger ahead which might easily be overlooked by those who are not competent to decide on the value of this or that man to a cotton mill or warehouse. In most industries there are men employed on certain work, and upon the continuance and regularity of which the whole body of workpeople depend for their subsistence. This is especially the case in the cotton industry. If a small number of skilled men in a certain branch of this highly-technical industry were withdrawn from a mill, the work in that mill would stop almost automatically, and with this stoppage hundreds of operatives would immediately be reduced to want—they would be without visible means of subsistence.

Thus, a decision come to without knowledge in connection with one mill, if multiplied, might easily bring despair to thousands of homes and millions of people in Lancashire alone, as the trouble would immediately spread to the subsidiary and dependent industries, and the mercantile interests, involv-

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ing a loss of trade which would be incalculable. The possibilities of the trouble are colossal. The more one thinks about the danger which would follow a false and unwarrantable step, the greater must be our surprise and indignation that the machinery of the Industrial Council, representing both Capital and Labour—each indispensable to the other—and which was in existence at the outbreak of war, has not been put into operation to safeguard our industries and commerce. There are tribunals for the individual man; why not have used this tribunal, composed of men who were in a position, as a result of practical experience, to decide how far Military Authorities might safely go in withdrawing labour without temporarily, and perhaps permanently, ruining industry, upon which everything depends?

I have sought to raise some important questions which we cannot afford to neglect. The British nation, so far, has shown an admirable spirit, in spite of increasing dangers and anxieties, and it is the duty

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of our statesmen to guard against doing anything that may weaken that spirit. Speaking on behalf of the industrial and commercial section of the community, I may say that we have had constant disappointments in regard to the manner in which the trade and commerce of the country have been treated by men who are quite incapable, through lack of business training, to give the country that assistance which is so urgently required. False steps have been taken again and again, and, rather than admit mistakes, they have been persisted in, quite irrespective of the serious consequences that their action has entailed. Our Government officials seem to have elaborated machinery for crushing practical and independent advice out of existence. Expert advice has been occasionally sought, and readily tendered. And each time it has been treated with a calculated indifference, or completely ignored. The point has now been reached when the business men of the nation have lost confidence in the ability of our leaders efficiently to lead when

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questions directly affecting our national industries are involved. The army of workers might not exist, judged by the standard of their dealings with all matters appertaining to industry.

Let me summarise the main points of this chapter. I affirm that, as a nation, we welcome every effort that is made to defeat, in the field, the unrighteous ends of the enemy. All classes in the nation have sacrificed, and are prepared still further to sacrifice, their personal convenience for their country's need. But we do not want to make unnecessary sacrifices, or create difficulties which might easily be avoided.

I have indicated some of the dangers that are threatening the country now that the demand for men has become so urgent. No one would think of withholding reinforcements from our brave soldiers in the trenches. I know that I measure the feelings of the country when I say that nothing must be allowed to interfere with our victory on sea and on land. That is perfectly clear. But

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whilst we offer every opposition to the enemy, we should, at the same time, guard our interests at home, for this, too, is a way to victory. Those interests are (1) the unrestricted cultivation of the land so that we might effectively resist the enemy of starvation; (2) the removal of all unnecessary restrictions on essential industries, and especially those concerned with the clothing of the people.

Finally, I would ask this pertinent question: Why does the Government persistently refuse to call to their aid the Industrial Council? This Council was established by the Government in the year 1911, and is composed of representatives of the organised employers and workpeople in the principal industries of the country, and it is incomprehensible why the Government did not turn to such a body for advice and assistance in mobilising the industries for war. The failure to do this, together with the indifferent use that has been made of the National Register, especially as regards the organising of women,

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and the utilisation of the municipal organisations which were ready to hand, has led to inefficiency, resulting in serious waste of life and treasure, and the postponement of victory in this unprecedented struggle for liberty and civilisation.

BRITISH AGRICULTURE.

Solicitous for the prosperity of my country, I am constrained to make an appeal in regard to the future of British agriculture. It is sometimes charged against leaders of industry that they have neither the time nor the inclination to turn their thoughts to another industry which is not considered to be closely allied with the one in which they are daily immersed. I fear that there is some truth in that complaint. But, considering how wholly dependent all classes in the nation are on the prosperity of the agricultural industry—and surely this War has brought us completely to realise that dependence—it is the duty of all Britishers, without exception, seriously to entertain and, as opportunity offers, publicly to express their views, in order to secure the permanency of that practical

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interest in the increased productivity of our land which, since the beginning of the war, has been stimulated by patriotism, but which is primarily due to the fear of a food famine in consequence of our insularity and former dependence on foreign crops.

My chief interest, industrially, is cotton manufacture, but I may claim to have other interests, and first and foremost among these is agriculture. Cotton manufacture and agriculture are the two largest and most important British industries. In the case of the former, the raw material must of necessity come from oversea. It is not possible to grow cotton in the British Isles; if it were, it would be done. The climate is altogether opposed to such a project. Accordingly, when war comes and enemy ships menace our merchant vessels, the cotton manufacturing industry only by extremely careful management is able to avert a disastrous stoppage.

But the national industry of agriculture, on account of what seems to be a calculated system of discouragement, has been de-

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pressed for many years. Incomprehensible as it must seem to us now, we had elected, in spite of our insularity, to allow our supplies of foodstuffs to decrease and to place our reliance for staple food products on what the foreigner was pleased to send us. The present crisis has shown us what an incalculable blunder that was. But, apart from our present trouble why should we allow our land to remain idle instead of supporting our population? In making known the programme of the Government for dealing with the land problem, in 1913, it was officially stated that in Germany there were ten million agricultural workers, in France there were nine millions, and in Great Britain there were only one and a half millions, and that while the men employed on the land in Great Britain in sixty years had diminished by 600,000, the number of gamekeepers had increased in the same period from 9,000 to 23,000. To so great an extent did we discourage agriculture in this country that certain railways were allowed to give preference

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to foreign produce. It is difficult to find words adequately to express such a calamitous policy, because the welfare of land cultivation is a matter of life or death.

But Britain in her blindness could not see this until a world war seriously interfered with her food supply. We are told that our annual importation of foodstuffs, most of which we could grow at home, amounts to something like £200,000,000. This huge importation became necessary because we preferred not to cultivate our own land, and thereby become self-supporting and independent of the foreigner. In this we assented to a very dangerous and wholly incomprehensible procedure. The vast importance of agriculture to us, an island Power, cannot be over-estimated. The less we depend upon foreign countries for our food the better, for it is unreasonable to build upon a dream of perpetual peace. Given proper encouragement, it is held that we might grow sufficient food to support our own population. It is to be hoped that in future we shall make agri-

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culture the main interest in the country. The steady, sturdy perseverance of our race under existing difficulties bids us hope that even out of the present evil permanent good may come.

We shall not have thoroughly learned our lesson if we do not get back to the land, and carry with us there the practical and scientific training which is now so indispensable to the successful agriculturist. My own idea is that Training Centres for agricultural students should be established in many parts of the country, where the most up-to-date system of land cultivation might be taught. I have myself established a Training Centre at Broughton, near Preston, Lancashire, for young women, in market gardening, including ploughing, harrowing, the management of horses, milking, &c., and students who have gone from this Centre have uniformly done well. It is managed by one of my daughters, who, before the war, gained diplomas in the subjects she is teaching, and who realised that amateurs could not train amateurs. Her

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aim is to instruct young women who have, since the war, patriotically put aside their hockey, golf, and other pastimes, to give eminently practical help to their country in this hour of great trial, in order that they, in their turn, may instruct others. To me one beneficial result of this terrible war is the remarkable response which has come from women of all classes to help their country over the increasingly difficult situation imposed by the rigours of war. There is hardly any description of work which they have not tackled with willingness, and displayed a degree of efficiency which, before the necessity arose, was not thought possible. Whilst our men are fighting German militarism, the women of our land are fighting the enemy of starvation.

For years, in other countries, a much larger proportion of the female population has been working on the land than has been the case in England, and the fears in regard to decreased food supplies in those countries is therefore not so pronounced. I have had

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practical experience of this in my travels abroad in connection with the extension of the cotton fields of the world, where I have been brought into close contact with agriculture in all its phases. It is earnestly to be hoped that many more Training Centres will be established, under properly qualified teachers, because the greater productivity of the soil is one of the most urgent needs of the day.

INTERNATIONALISM IN INDUSTRY

The International Cotton Federation and the International Institute of Agriculture—two organisations with which I have been intimately connected from the time of their foundation, are destined to take an important share in re-adjusting commercial interests—in bringing cosmos out of chaos—when the war is ended. These two organisations, although brought into existence for quite different objects, have a great deal in common. The International Institute of Agriculture, with headquarters in Rome, surveys the world of Agriculture; the International Cotton Federation, with headquarters in Manchester, surveys the world's cotton industry, and both organisations, through close observation in their respective fields, have collected material and compiled statistics of the highest importance, and by this means rendered invaluable service to the cause which each represents.

The cotton industry is not wholly confined to the process of manufacture. In its beginnings it is purely agricultural. The seed is sown and the harvest is reaped in due season, in much the same way as other crops are sown and ultimately

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gathered. Far away from the spinning mills and weaving sheds of Lancashire and the adjoining counties of Yorkshire and Cheshire—in the Southern States of America, on the banks of the Nile, in India and in some of our colonial possessions—where the soil and climate are favourable to the cultivation of cotton, this crop ranks as one of the most important, so that the productive capacity of the machinery in this country (and in other countries) the prosperity of employers and of the large army of operatives, and the supply to our large overseas markets are entirely dependent on the success of that branch of agriculture. This, in part, explains the close relationship that exists between the International Institute of Agriculture and the International Cotton Federation. Lancashire, as I hope to show, may in one way, be regarded as the home of these two international movements—the confederation of the nations to watch the interests of the two leading industries of the world, one providing the food and the other the raiment for the world's population.

The world's cotton crops in 1914, believed to be the largest on record, might be roughly estimated at 25 million bales averaging 500 lbs. each, and this quantity is shared by all the cotton spinning countries with a total (in 1914) of about 144,000,000 spindles. When the crop fails, or the "manipulators" create a "corner" in cotton, the

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spinners are liable to be involved in great financial loss, and the operatives have to submit to reduced earnings. Sully, the American, who dealt so largely in cotton in 1904, caused a great sensation in the cotton markets of the world. His operations were on a grand scale, and feverish excitement prevailed in all the great cotton exchanges. The Lancashire mills were placed on short time working because of the shortage of raw cotton on the market, which was intensified by this speculation. It was at this time thought by the British spinners to be only a measure of justice that when there was not sufficient cotton in any one year (no matter from what cause) to supply the world's needs, all the cotton using nations should combine in adopting short time working or introducing to the industry some other equally effective method of curtailing the consumption of the raw material, until the supply of cotton more nearly approximated to the demand of the world's machinery. In the years 1903-4 the cotton industry of the world passed through a crisis the severity of which had not been equalled in its history, excepting during the American Civil War. In order, if possible, effectively to deal with the situation which was gradually growing worse, a mass meeting of the British cotton spinning and manufacturing industry was held in Manchester, at which both the employers and the workers were represented,

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and Monsieur Berger, the well-known leader of the French cotton industry, was present. At this meeting it was resolved that the Federation of Master Cotton Spinners Associations, of which I was then the President, should organise a movement to curtail the consumption of American cotton by working 40 hours instead of 55½ hours per week, and to recommend a similar reduction on the part of all cotton using countries. The next step was taken in Manchester in March, 1904, when it was arranged for the English Federation conjointly with the Swiss Association of Spinners and Manufacturers to summon an International Congress, and in May of that year the first International Cotton Congress was held at Zurich. At that Congress we considered the world's supply of cotton, and its distribution, and interested the nations represented in the importance of regulating the consumption when the low state of the crops demanded it. It was explained that the English mills were running "short time," but it was made clear to us that the trade in other countries was not sufficiently organised to permit of the extension of that policy throughout the world at that time, though later the working hours were reduced in some countries on the continent. Progress, however, was made in other directions, and not the least important of the decisions come to was that by which the International movement

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was made permanent. The success of this annual Congress of cotton spinners and manufacturers, representing all the leading cotton using countries in the world may adequately be gauged from the voluminous reports of all the gatherings held up to the eve of the war. These reports touch every important subject connected with the industry considered from the international point of view, and schemes of reform have in several directions been launched, and a wider outlook gained as a result of these annual meetings.

The International Institute of Agriculture is a first cousin to the International Cotton Federation. David Lubin, a distinguished American citizen, has promoted many schemes tending to industrial welfare, but his name will go down to posterity as the originator of the plan for establishing an International Institute of Agriculture; whilst the name of the King of Italy will ever be honourably associated with the Institute because of his generous support in providing such magnificent headquarters at Rome, and generally interesting himself in the scheme to benefit all nations.

David Lubin is a man of large ideas and extensive outlook—a man who, once he has set his hand to a task will not turn back though the difficulties before him may seem to be insuperable. He had got his scheme favourably con-

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sidered in some official quarters; in other official quarters it had been somewhat indifferently welcomed. The trouble was to get the Government of each nation to appreciate the advantage which would accrue to the world's commerce and industry by having before it at different periods the state and the yield of the world's crops. The whole thing appeared to be too visionary. In the end, however, representatives of the Governments of the leading nations, on the invitation of the King of Italy, met at Rome, and after three weeks' discussion approved the scheme, but took no active steps to carry the proposal any further. It had been pigeon-holed. David Lubin soon realised the danger to his scheme. He wrote to me as President of the newly-formed International Federation of Cotton Spinners and Manufacturers, praying for my assistance. In response to his urgent entreaties I went to London and interviewed Sir Thomas Elliott, who was then Secretary to the Board of Agriculture. At first somewhat sceptical of the proposal, Sir Thomas Elliott soon turned a favourable ear to the claims I was able to advance in favour of the arrangement that the British Government should support it. Later I went to Paris and interviewed the Minister of Agriculture for France. Here again my views were cordially received, and support for the new international movement was promised. David Lubin assured me that if I

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could get the support of the British and French Governments the success of the scheme was assured. Returning again to London I told Sir Thomas Elliott of the welcome the scheme had received in Paris. From this time onward David Lubin's scheme went forward with leaps and bounds. In November, 1906, when the International Cotton Committee was received and entertained at Windsor Castle by King Edward, His Majesty made reference to the scheme, and the King of Italy's generous support of it, and pointed out the entire dependence of the cotton and other kindred industries upon the tillers of the soil for an adequate supply of the raw material.

Now as to the objects of the Institute, which are not so well known as they deserve to be. For many years farmers, manufacturers and consumers of agricultural products had asked that an international understanding should be reached to protect their common interests, which were threatened by numerous natural and artificial obstacles, and as no single Government could ever hope to turn aside these obstacles, it was decided to see what a combination of Governments could do. The primary work of the Institute, which is supported by not less than 57 States, is to supply information on the quantity and quality of animal and vegetable products, and of the prices of these several staples on the different markets. The Institute has also set

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itself another task, a necessary corollary and complement of the first, viz. : to give early information of the diseases which break out and devastate the plant world—information which is of special value to the cotton industry. But perhaps the most important branch of the Institute's work, and which is of direct interest alike to producers, manufacturers and consumers, is the collection of authentic statistics, and presenting to the world an accurate estimate of the available supplies of agricultural staples, and forecasting crops and harvests. It is held that an accurate survey of the world's crops, and a reliable estimate calculated on that survey, tend to greater freedom and honesty, and less anxiety in the world's markets. It makes for a proportionate distribution over the earth's surface, of the fruits of the earth, whilst ignorance and uncertainty as to the character of the crops favours, if it does not actually encourage, gambling, which, with consequent fluctuation of the market values, sometimes causes such widespread loss to the capitalists and untold distress to the workers. In the cotton industry, with its restricted supply of the raw material, this danger is ever present unless something is done to counteract it. It is in this direction that the International Institute of Agriculture so ably assisted the work of the International Cotton Federation. The International Institute of

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Agriculture since the outbreak of war, has been able to continue its work, although in a somewhat restricted form.

I hope that the time is not far distant when the work of the International Cotton Federation will be revived, and that it will work in as close co-operation with the International Institute of Agriculture as it has done in the past, and with great advantage to both organisations.

DAVID LUBIN'S PROPOSAL*

MY DEAR SIR CHARLES,

I have just finished reading your book "Social and Industrial Reform" which you were good enough to send me. When it first came to hand I thought of setting it aside for the time being, as I was then in the midst of a work which claimed all my time.

In glancing over the pages, however, I was struck by the similarity in thought and expression in some of its leading paragraphs with some of my own views, and yet we were each considering a different case; while you were dealing with the relations between British capital and labour in the cotton spinning industry, I was dealing with a plan for the expansion of the American industrial, commercial, and financial sphere of action in foreign countries.

This similarity aroused my interest sufficiently to cause me to read the book through. And I am glad that I did so, for after reading it the thought occurred to me to modify my plan by broadening it out. Instead of limiting the proposed effort to the United States it occurred to

* See Author's Note to the Sixth Edition.

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me that there would be a far wider range of possible accomplishment if the work were taken up jointly by the United States and by Great Britain.

But before proceeding further, let me state that I had proposed that Italy be made a base for the commercial and industrial development of the Mediterranean basin, and, as I have said, since reading your book it occurs to me "to modify my plan by broadening it." I will now endeavour to present the process of reasoning which tended to the broader plan by quoting from your book and by commenting on the quotations.

On page 27 you say :

" We are to-day discussing the question of wholly abolishing war by forming a League of Nations... But may we not also with advantage apply the proposal to industrial warfare? We want, too, a League of Industries... for unless something is done to maintain our industrial and commercial supremacy, and to render impossible the paralysing of industry by frequent and irritating disputes between Capital and Labour, we shall invite our own destruction."

From this it would seem that industrial and

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commercial supremacy would be assured by the removal of the "irritating disputes between Capital and Labour." But are we so sure that the means proposed would be adequate to meet the ends in view? Let us proceed a step further.

On page 72 you say :

"We need to put our house in order; to supply the requirements of our customers and not to try to force upon them goods which are not suited to their trade. If we fail in this in the future as we have done in the past, Germany will embrace the opportunity to meet our deficiencies and repeat her past success of capturing our markets through our own neglect."

I agree with you in this. We thus see that it is not enough to have the goods; there must also be the demand, the market, and especially the foreign trade market. We have such a market to be sure; but under present conditions it is limited, and with all the possibilities of shrinking as well as of expanding. But why is it limited? Let us see.

In this foreign trade market we find that the English-speaking countries trade, in the main, with other English-speaking countries, thus leaving the Germans the right of way to the bulk of the remaining foreign trade. Why is this the case?

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Some say it is because we do not adapt our goods, our terms, our packages, our measurements, our correspondence, and our mode of approach to meet the wishes of the large bulk of this foreign trade. It is also well known that Germany has, heretofore, made every effort to do all this, and with notable success, sufficient to enable her to mount rapidly upward from the lowest to the topmost rung of the ladder of foreign trade.

The German knows how to curry favour, how to knuckle down, how to cave in. In fact he is protean and eel-like in his suavity, master in the art of ingratiating himself with a customer.

Now then, in order to reach the topmost rung on the ladder of foreign trade, are we willing to adopt the German modes and methods? Are we able and willing to do so? But wait; this will not be enough, there is yet more to be done if we are to follow on the German line of procedure. We have been repeatedly told that in Germany the fostering of foreign trade was broadly given the right of way. That is to say, if an industry was started which the Government thought desirable to push forward, all obstacles in its way were brushed aside. If an item required it, it was given special subsidies and privileges; it was given special transportation rates; special fiscal advantages, special diplomatic and consular services; and if an existing

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law stood in the way that law was, in that instance, set aside.

Now, would we be willing to do all these things? Could we do them even if we wanted to? Do we not see that only under an autocracy is it permissible to do the things that Germany has done to foster her foreign trade? Do we not see that such things are not permissible under a stable, constitutional democracy?

And yet, unless something is done, we shall surely run up against the condition you point out on pp. 61—62 of your book :

“ It is as certain as that night follows the day that an industrial war is coming. Nothing can prevent it, and where there is industrial discord the policy of forceful penetration will be directed with something of the strenuousness which has marked the waging of war with arms. Are we going to bury our heads in the sand like the ostrich and allow the German industrial war to throttle us ? ”

No indeed ; there is no need of that, for there is a way to prevent that throttling, a way permissible to stable, constitutional democracies. That way is to neutralise the business done through the medium of the sample-trunk,

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through the commercial traveller, by fostering the upbuilding of industries in those very countries which have hitherto been the field of operations for the German in his foreign trade. Set the loom, the lathe, the machine, the power, at work in those countries, teach their business leaders to become organisers, their workers to become experts, and there will presently be little call for the German.

In substance, under the proposed plan the foreign trade markets of the world would be divided into zones, each zone to have one or more manufacturing centres, each of which may be designated as an industrial and distributing base. Take the Mediterranean basin, for instance, as one of these zones. Draw a line from Gibraltar to Syria, and let the countries north, south and east of that line form that zone with Italy as its base. Similar zones could be formed in other parts of the world, as, for instance, in the Scandinavian countries, in Central America, in South America, in Russia, etc., etc.

Let each base in a zone be placed on an up-to-date industrial footing; let it be provided with the most effective modern machinery; let each industry be placed on a sound financial footing; and, above all, let it be placed under skilled, expert direction. All this, when set going, would so cover the ground that the German would find his market gone; the former huge

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bulk of his foreign trade would have evaporated into thin air.

Let me again refer to your book. On page 97, in reference to the status of industrial effort, you make the complaint that :

“ we have not reached the highest altitude of organising ability. We have not enjoyed that unity which is so vital to progress.”

Yes, you are right ; unity is vital to progress ; and in carrying out the proposed work it seems to me that we should have a united effort of the democratic countries ; not only the United States, but all the democracies should co-operate, for all alike have an interest in making it possible for the democratic dollar to brush aside the autocratic dollar in the field of foreign trade. So then, England should stand shoulder to shoulder with the United States in the realisation of this plan.

It was with this idea in mind that I sent three copies of the enclosed paper to correspondents in England, of whom two have already sent me comments. The first comment is from Sir Thomas Elliott, who gives it as his opinion that the proposal is a sound one, that we should proceed ahead “ if we are to weather the storms which the autocratic powers of Central Europe
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will spend their days in exciting for many a long year to come.”

The next comment is from Lord Bryce. He says :

“ There can be no doubt that there will be a great field for development of the Mediterranean countries by British and American capital...This is equally true of a more populous country, and one with enormous possibilities, I mean Russia. Disorganised, as she is now, she will within some years, more or less, settle down, and then reconstruction will begin, and industries may be established and a great market opened. The same applies to large parts of Siberia.”

“ But” the English or American exporter may say, “ would not such a policy of building up industries in foreign countries be like jumping out of the frying pan into the fire? As it is we at least have some trade in those countries, however limited, but once we were to effect the upbuilding of industries there, once we were to teach their raw labour to become expert, should we not have killed the goose that lays the golden egg? Should we not have built up a competitor who would not alone spike the gun of our foreign trade, but who might even throttle us on our home markets?

At first glance it may seem that this would

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be the case. But some reflection will show that there is really little to fear from the legitimate competitor. In fact, the competitor is, as a rule, a customer; and the stronger the competition the more valuable the custom. Neither the United States nor Great Britain has anything to fear from Morocco as a competitor; but then they have precious little to gain from that country. Could Morocco be converted into an industrial centre, a strong competitor, it would then also be converted into a valuable customer. The most forceful competitor of Great Britain is the United States and the most forceful competitor of the United States is Great Britain; yet, notwithstanding, the United States is Great Britain's biggest customer, and Great Britain is the biggest customer of the United States.

Then again, is it not possible that under the industrial development plan here proposed, the net gain on a given volume of business would be far greater than under the present sample-trunk, commercial traveller mode of procedure? Under the proposed plan, there would be, first of all, the gain on the sale of the raw material and the machinery; then there would be the gain on the financial investment, on the financial transactions; and last, but by no means least, there would be the gain through the increased volume of exports and imports of manufactured goods which such close business relations would be

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sure to promote. All this, taken in the aggregate, would be likely to produce a much greater net return than is possible in commerce under the sample trunk system. Once this industrial plan were put into operation, it would be likely to prove an effective block to Germany in carrying out the commercial tactics which we have such just reasons to complain of.

Let it be understood, the objection to Germany was not on the score of her having been a forceful competitor; the objection was that her competition was of the illegitimate order; that under her autocratic form of government she was able to wage a kind of competition against which democracies could not, and cannot, compete. It was this illegitimate competition which gave Germany a free hand, a vicious and dangerous monopoly in the foreign trade; this was what gave her a foreign trade of sufficient magnitude to enable her to amass the vast sums of money which she devoted to military purposes, sums sufficiently large to enable her to set up a military system for the avowed purpose of subjecting the world to her sway. In all this Germany used her autocratic strategy to back up her economic policy; she used her economic strength to back up her military ambitions; and she came within an ace of winning out on her line of policy and of placing the world under her yoke. Now,

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what is to prevent this autocracy from resuming its former vicious and dangerous policy when peace is declared? Would not the adoption of the proposed plan, by neutralising German industrial supremacy within vast zones, prove the most effective bar to resumption on the former scale of Germany's policy in the field of foreign trade?

That this point of view is shared and the proposed plan favoured by leading Italians is indicated by the following expressions of opinion on the subject.

Baron Mayor des Planches, Royal Commissioner on Emigration, former Ambassador at Washington, says that Italy should "enter into closer and more intimate business relations with the United States. The plan has my unconditioned and enthusiastic support."

Senator Scaramella Manetti, President of the Rome Chamber of Commerce, writes strongly favouring the adoption of the plan. He believes that its operation would serve as an effective economic barrier against future German domination in Italy.

Ernesto Nathan, former Mayor of Rome, says :
" Given the preliminary approval of our Govern-

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ment, and I have not the slightest hesitation in expressing a decidedly favourable opinion."

Sig. Crespi, Minister of Supplies, says that he "views the plan not merely with some favour, but with great favour."

Sig. Pantano, President of the Royal Commission on Reconstruction, warmly supports the proposal. "After the war the near East will undoubtedly become a most important field for international economic competition. The geographical position of Italy entitled her to be the main channel of such development in the Mediterranean basin."

Sig. Ciuffelli, Minister of Commerce and Industry says: "The proposal is viewed by me with the warmest approval and sympathy, and will find in the Administration which I direct every possible assistance."

And right here be it understood that this proposal is not given out as a doctrinaire thesis. It is a work, a work which is now under way. A preliminary meeting for the consideration of the personnel of the Italian Committee for effecting organisation has already been held, and it is expected that this Committee will shortly be formed and proceed ahead with the work.

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Why not bring this matter to the attention of thoughtful people in England, and ascertain their opinion on the subject with a view to taking hold of the work? I feel sure that your recognised standing as a pioneer in international economic organisation in the cotton trade would enable you to do this successfully.

I am, very sincerely yours,

DAVID LUBIN.

Delegate of the United States,
International Institute of
Agriculture, Rome.

Oct. 4, 1918.

A RESERVE OF COTTON

When Cræsus made a display of all his treasures and good fortune to Solon, the Athenian sage is said to have hastened his departure from the Lydian Court, feeling assured that such great and uninterrupted prosperity would before long be overtaken by disaster. If Solon, or some other ancient Greek, were among us to-day, he would probably experience a similar foreboding in regard to the Lancashire cotton industry.

The cotton industry at this time, in spite of the war, owing to the past nine months' management by the Cotton Control Board, that is, since the whole trade, both masters and men, was brought into line, is in a prosperous condition. I refer, more particularly, to the spinning section, which for many years has been the best organised. There is no reason, however, why, with Governmental co-operation, the other sections should not have been dealt with on the same lines, and an adjustment made in their relationship to each other, so that the same conditions should obtain throughout the whole industry, which, from the growing of the raw material to the distribution of the manufactured product, is entirely interdependent. I have alluded frequently to the excellent work performed by the Cotton Control Board, and although mistakes may have been

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made, this was only to be expected in dealing with so difficult a task. The Cotton Control Board has undoubtedly given a demonstration of what can be accomplished by an industry, managed as a whole by employers and operatives joining hands, facing difficulties unitedly, and being left to manage its own affairs. The margin of profit that has resulted has enabled a certain provision to be made for the maintenance of the temporarily unemployed in the industry.

As a matter of fact, however, this partial and temporary prosperity is, in a way, not an unmixed good, because it veils from our sight the real danger to which the industry is, and always has been, exposed. From one year to another the destiny which awaits the spinning and manufacture of cotton is problematical. We may have a period of prosperity, or adversity may steal in upon us, and neither the one nor the other is calculated to rouse us to a sense of the dangers which yearly beset this, the second largest industry in Great Britain.

The index of our commercial prosperity is the success which attends the cultivation of the cotton plant in foreign lands. The crop statistics are the unfailing sign of our material strength or of our weakness. Like the Nileometer which, in Egypt, has stood for ages to record upon its column the height of the annual inundation, which regulates the prosperity of the land, so in
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like manner the cotton crops of the world represent the Nileometer which shows the ebb and flow of trade in cotton fabrics, which regulate the profits of our manufacturers and merchants, and the employment of our people.

But the basis on which the cotton industry is conducted, if carefully examined, will be found to lend itself to the violent fluctuations which, periodically, cause so much consternation in the world's markets. We have had seasons of prosperity, followed by periods of stagnation, because, like Cræsus, in our prosperity we happened not to entertain a thought for the dangers which might suddenly check our successful course.

During all the stages of its growth from infancy to maturity, the Lancashire cotton industry has been menaced with a failure of the cotton crop, with a famine which must be the consequences of a short supply, and with the general distress which must inevitably follow any stoppage of spinning and weaving machinery. Just over fifty years ago the cotton industry was slowly recovering from the famine in cotton caused by the American Civil War. We were at that time talking about the serious trouble that had arisen partly in consequence of our shortsightedness. There are some among us to-day, both in this country and in America, who will not have forgotten the then extremely critical condi-

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tion of the world's cotton industry. In Lancashire and the adjoining counties of Yorkshire and Cheshire 2,650 factories with thirty million spindles and 350,000 looms were inactive because America had stopped sending us cotton, and approximately half a million operatives were so reduced in their circumstances as to compel them to turn for assistance to organised charity. A good supply of cotton is the only thing that will save us from a recurring crisis of that magnitude.

The great distance that divides the cultivation of the cotton plant from the manufacture of cotton clothing is no doubt largely responsible for the indifference which seems to pervade the industry on this side of the Atlantic in regard to what is being done on the other side. I cannot think of a better illustration than that of a child, who, so long as it is regularly receiving proper nourishment, is quite happy and contented, but immediately that nourishment is stopped there is a cry of distress from the helpless sufferer. So it is with our cotton manufacture. So long as spinners can get their cotton, and the manufacturers their yarn, and at a reasonable price, there is nothing more (they appear to think) to trouble about or to cause them any anxiety. That, at least, is the impression conveyed to one who has been identified with the industry for nearly half a century, and has appreciated the danger, through a variety of possible causes, of a shortage in the

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supply of food for the many millions of spindles and the hundreds of thousands of looms. When the cotton crop is failing us we begin to rub our eyes as though we were waking from a long sleep. We keep a close watch for any danger signals, and as men suddenly inspired with wisdom, we have talked of a cotton reserve until the danger is passed, when the "sleeping sickness" has again taken hold of us.

Up to now we have seen visions and dreamed dreams. But the time has come when the cotton spinner and manufacturer have got to realise that if they want to reap the harvest there is some sowing to be done. It is also well to bear in mind that there are other crops beside the cotton crop, and that if the planter discovers that another crop will pay him better than cotton he will not hesitate long before making the change. Now I contend that in establishing a reserve of cotton we shall be considering the legitimate interests of all who are connected with the industry, from the planter to the spinner and manufacturer, and from the cotton picker in the fields to the operatives in the mills and weaving sheds, and at the same time do much to check the operations of the gambler. With the cultivator of cotton the crop is of course, a question of money. He is not growing cotton simply to please cotton users. He must be guaranteed a reasonable price for his crop, quite regardless of whether it is a large or a small one, and a reserve of cotton will help to bring this much-needed reform about. [169

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I am glad to see that the American Government is taking an interest in this matter. It would be a good thing if the American Government were to take over the crop at a price that would encourage an adequate, but not an excessive production. The financing of the cotton crop by the Government is another important matter at this time because the hold of our Allies on the crops, in much the same way as the British Government hold the East Indian, Egyptian and Colonial cotton crops, will have a great bearing on the negotiations for peace. The International Federation of Cotton Spinners have for years advocated a reserve of cotton. They advocated it before the war, and since the war I have done my best to keep so important a matter before the people concerned. The International Federation have done a great work for the world's cotton industry; and if the proposal here outlined were carried out, the Federation could claim to have done a great work for the Allied nations. A reserve of cotton is an urgent necessity. I HOPE THE AMERICAN GOVERNMENT WILL NOT LET THIS IMPORTANT MATTER REST UNTIL IT IS CARRIED THROUGH. FURTHER, IN THE INTERESTS OF THE WORLD'S COTTON INDUSTRY, IT IS JUST AS IMPORTANT TO PREVENT TOO RAPID A DEPRECIATION IN THE PRICE OF THE RAW MATERIAL AS IT IS TO PREVENT A FURTHER UNDUE INFLATION OF IT. IT WILL BE FOUND THAT SKILFUL MANAGEMENT IS AS ESSENTIAL IN EMERGING FROM THE WAR, AS IT WAS IN ENTERING UPON THE WAR.

THE HIGH-DENSITY BALING OF COTTON.

Mr. Harvie Jordan, who is closely identified with the "cotton reforming" movement in America, and whose proposals for the better baling of American cotton have been specially noticed in the chapter entitled "The Raw Cotton Problem,"* has favoured me with the following communication (dated Sept. 23, 1918), in which he gives particulars of the latest developments made to meet the demands of the cotton industry on this side of the Atlantic. Mr. Harvie Jordan writes :—

I am in receipt of the copy of your book "Social and Industrial Reform," which I have read with much interest, especially the chapter devoted to "The Raw Cotton Problem."

I want to express to you my full appreciation of your very kind reference to my work and efforts in earnestly striving to reform the present wasteful practices in the baling and handling of American cotton.

Since our Government has assumed the control and management of railways as a war measure I have been able to secure a Federal order which forces the Southern railroads to accept high-density gin-compressed bales on the same terms

* Page 101 "Social and Industrial Reform."

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and without discrimination in rates as the re-compressed bales.

I have been in Washington almost continuously since last February advocating Governmental endorsement and encouragement of economic reforms in the baling, handling, marketing, and transportation of the American cotton crop, and I am gratified to announce to you that every Department of the Federal Government is now squarely committed to enforce these needed reforms by co-operation and authority.

I feel that the foundation for high-density gin-compression of cotton bales and the future handling of the crop is being finally laid along the lines of economy advocated by both growers and spinners for so many years, and that the present high cost of handling, waste, and primitive methods of delivery will rapidly become a thing of the past.

The new system of baling has been bitterly fought by the large compress interests and the cotton-buying fraternity, but the imperative existing demands for economy and efficiency in all lines of industry make it imperative that wasteful and uncommercial methods be relegated to the past as fast as possible.

While at present our steel and iron factories are going full blast on essential war orders, I trust that we may be able to secure the manufacture and installation of quite a number of high-density

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gin-compress machines by September 1st, 1919.

At least every effort will be put forth along that line in the interest of our transportation facilities for moving future crops of cotton upon a more economic basis.

We have now sixteen of our high-density gin-compresses turning out square bales in operation, and they are giving entire satisfaction. The type of the bale is rectangular, weight 500 lbs., size 20 in. by 25 in. by 52 in., density 33 lbs. to 34 lbs. to the cubic foot, and covered with light Burlap and iron bands, total weight 12 lbs.

With this style bale we easily load 150 bales to the ordinary freight box car, and bill through direct to destination, as against 30 bales to the car of the old style bale, which must go through the re-compress and then load only 75 bales to the car, with the appearance of a disreputable package.

You can readily appreciate the economic savings involved in every item of the fixed charges, which can be reduced fully 50 per cent. to the spinners as to carrying charges, and rid the growers of the almost intolerable troubles they now have to contend with.

Notwithstanding our farmers planted a full acreage of cotton this year with reduced labour the crop has again been cut short by bad weather conditions and insect depredations. Due to the continued scarcity of labour, made impera-

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tive by the Draft Law and Governmental war industries, I fear a continuation of short crops, which has characterised the last three American productions.

Nothing short of a high level of values will induce the cotton farmers to continue extraordinary efforts to plant a large acreage. The cost of production has increased enormously, and labour has reached a figure I never anticipated possible.

This country is determined, however, to go forward 100 per cent. in every department of the field, factory, men, and supplies, until the enemy is whipped to full and complete submission. We shall stand by our Allies to the last, and will countenance no checking up until victory over the Germans is assured.

PRESIDENT WOODROW WILSON

AN APPRECIATION.

The peoples of Great Britain and America—the two great English-speaking nations—are now united; I fervently hope, indissolubly united. This coming together—this fraternisation of two industrially progressive and peace-loving nations—has been for years the dream of sober and right-thinking people on both sides of the Atlantic, and now that both nations are welded together in arms to fight the enemy of human freedom and civilisation, the realisation of another dream—a universal and a lasting peace seems to have risen above the horizon, and “government of the people; by the people; for the people,” the famous formula of the immortal President Lincoln, has advanced beyond its idealist stage and made the “sovereignty of the people” significantly intelligible.

America's entry into the war was considered by some to have been unnecessarily delayed. I hold the view that the delay of America in taking up arms has immensely strengthened both her position and that of the Allies. President Wilson has proved himself to be a wise, a firm, and a capable administrator, and abounding in patience. When he was neutral, he maintained a rigorous neutrality, quite regard-

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less of the showers of criticism that fell upon him; and now that he has entered the war, that determination which characterised his neutrality has been cast in favour of a vigorous prosecution of the war, in order the better to assist in securing an early, a satisfactory, and a permanent peace. President Wilson had to wait for America's hour to strike, and when that fateful hour came the American nation heard its clear, ringing call to duty and to sacrifice, and responded with an enthusiasm that knew no bounds.

President Wilson we now know to be a man of magnetic enthusiasm, and to his masterly diplomacy we attribute much that the Americans have done in the fight—not for this country or France, not for Belgium or Russia, but for civilisation.

We welcomed the adhesion of our new Ally for the moral justification which it gave to our aims, which were and still are “to defend the high cause of freedom and the rights of humanity against the gravest menace by which they have ever been imperilled.”

We recognise and fully appreciate that President Wilson and his people are not fighting for any lust of conquest, greed for territory; no selfish aims whatsoever.

We gratefully acknowledge that the co-operation of the United States—the greatest democracy in the world—with the Allies in this

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war has been the turning-point of the war, and makes victory of the people certain.

Finally, we regard President Wilson as a worthy successor of Abraham Lincoln. That the character and influence of his principles as a statesman, a moralist, a seeker after righteousness and peace, and as one who is doing all that he can to further the sovereignty of the people, justifies us, in the language of the Son of Sirach, in saying : " His own memorial shall not depart away, and his name shall live from generation to generation."

FROM WAR TO PEACE

Skilful management is quite as essential in emerging from war as in entering upon it, if not, indeed, more so. Given this, I believe we are on the threshold of a great future in industry. But there are problems to be solved in the industrial field, and large armies to manœuvre into a safe position. We have to transfer men from their posts in the fighting forces to their industrial posts, and to do this, if we do not employ those who have spent their lives at the head of the great organisations of Capital and Labour controlling the staple industries of the country, we shall repeat, if not intensify, the errors that were made at the outbreak of war. In these industrial manœuvres I hope our leaders of industry will be the general officers commanding. As in the operations of war, the most successful officers are those who have been nursed in the school of strategy and tactics, so in the operations of industry the men most qualified to lead are those who are not only endowed with an aptitude for business, but are also highly skilled in the art of organisation. The men who lead the organisations of Capital and Labour should closely co-operate with the Demobilisation
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Authorities, so that our fighting men who have served us so magnificently may step out of the zone of war into a land which shall show distinguishable marks of purification, of a freer, happier life, a democracy less self-centred and more self-sacrificing, and with a greater bond of sympathy connecting all classes in the State. If the men who have won our battles can detect this result of the nation having been flung into the crucible of war, they will realise that their services have saved civilisation, and that a grateful nation is concerned about their future welfare. But we must help them also to realise that the delicate mechanism of the world's industrialism takes some time to settle down after the violent struggle of the last four years, and what we now have to consider is how to emerge successfully from the fearful dislocation that has resulted from the war.

It must be realised that all food-stuffs, raw materials in stock or process, indeed, stock of all kinds, have been produced under abnormal conditions, and changes in the values must of necessity be gradual if we are not to be involved in serious financial disturbance.

The United States of America and the British Empire practically control the cotton crop of the world; wool also is largely under the same control, and in negotiating for a lasting peace this immense power will, I hope, be wisely but not

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vindictively used. These raw materials, which contribute so largely to the production of clothing for the inhabitants of the globe, have been raised, owing to the vicissitudes of war, to almost unprecedented prices, and I hope that the Allies will act together in controlling these commodities and distributing them equitably. Further, it is in the interest of all just as important to prevent a too rapid depreciation in the prices of these raw materials as it is to prevent a further undue inflation. Statistics which are available show that the cost of living has increased enormously, and in order to deal fairly with the workpeople, wages have been increased to an extent which in pre-war times would never have been thought of. Experience has shown that it would have been wiser to have dealt with all advances of wages as war bonuses, increased at intervals as the cost of living rose, on the understanding that these bonuses should be reduced gradually as the cost of living fell.

I may say I am strongly in favour of permanently raising the standard of living of the working classes, and I believe this can be done by an agreement between all nations, and in this way alone. I always like to point to what has been done, and much has already been accomplished by international co-operation which in times past would have been considered Utopian.

I give it as my firm conviction, from a large
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experience of both national and international trade, that if the nations of the world would only fully realise their interdependence, and organised Capital and Labour were to work together in developing the undeveloped resources of the world, which, in my opinion, would give ample employment to all, the appalling waste caused by this disastrous world-war may be made up in a much shorter time than is generally believed.

THE COTTON INDUSTRY AFTER THE WAR.

AN INTERNATIONAL SURVEY.

Standing on the threshold of the year 1919—the great year of transition from war to peace—thoughts retrospective and prospective crowd in upon our mentality. We turn our minds back to the closing months of the year 1914—months of terrible suspense and anxiety; we ponder over all that has happened in the intervening years, and then awake as from a horrid nightmare to a sense of the great relief which the present year has brought us. We seem to have emerged, as it were, out of a night of impenetrable blackness to greet the dawn of a day flooded with brilliant sunshine. But our gladness is tinged with sorrow when we contemplate all the sacrifice that the four years' war has demanded.

There is now a new spirit abroad. The men who hurried away from the warehouse, the spinning mill, the weaving shed, the coalfield, and other peaceful occupations, to take their share on behalf of civilisation in the hard-fought battles of history, are now returning home, many of them to resume their former work. Simultaneously with this event, the industries of the
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country are turning from the manufacture of munitions of war to products of peace. The wheels of industry are beginning to revolve more quickly, the markets of the world are taking stock with a view to placing orders for goods which have not been obtainable during the fighting, new industries are being opened up, and gradually there is observable a steady settling down to more peaceful pursuits, which must mean greater prosperity alike for the nation and for the workers in it.

For four years, engines of destruction, unsurpassed in their ingenuity, have been at work. The year upon which we have now entered must be the beginning of a long period of reconstruction. The cotton industry, speaking internationally, has suffered incalculable damage during the war. Fortunately the British industry has been outside the active zone. Our mills and our machinery have been undisturbed, and a certain amount of profitable business has been done, notwithstanding the restrictions imposed through the shortage of the raw material. But when we turn to the devastated regions of Belgium and northern France the conditions of things is entirely different. The greater part of the machinery there has been made unproductive through the demands made upon it for war material by the invading Germans. In Germany and Austria the mills have been closed for the

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greater part of the war, and in Switzerland, Portugal, and Spain, in consequence of the scarcity of the raw material, the manufacture of cotton textiles has been considerably curtailed.

I have briefly reviewed the international position to show that, in my view, we need have no fear for the future of the British industry; that our supremacy has not been weakened. We are constantly hearing something about the Japanese menace. But there does not seem to be any ground for anxiety in that direction. The number of spindles in the world is approximately 144,000,000. Let us take 5 per cent. for depreciation or renewals. This would mean that an equivalent to $7\frac{1}{2}$ million spindles would have to be installed each year to maintain the industry. During the war there have been practically no renewals, so that on that account the world may be said to be 30,000,000 spindles in arrears. We have to consider, too, the losses that have to be made good in France, in Belgium, and in Russia. In the ten years immediately preceding the war, there was an addition to the spindles in England of about 12,000,000, which is two millions in excess of the total number of spindles in Japan, China, and India. Merely to replace the spindles that have been worn out or destroyed during the war period will take a long time, and probably before this is done we in this country will have a possible output equal to that of the year immedi-

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ately preceding the war. But this output would be far below the demands of the world's markets for the present year.

Japan cannot be considered to be a really serious competitor with Lancashire. The world's markets are practically denuded of cotton products, and, as in the past, so in the future, British industry will be called upon to supply the principal markets with the goods for which Lancashire is famous.

Finally, I would call attention to this one important fact, viz., that a large proportion of the cotton spinning machinery is made in Lancashire, and that since the beginning of the war our machinists, owing to the exigencies of the war, have not been able to do more than make the absolutely necessary repairs and renewals in this country. It may be taken for granted, too, that in the matter of new machinery, priority of delivery will be given to France and Belgium, and at the present price of machinery (it is practically 250 to 300 per cent. above pre-war rates) it is impossible to see how new mills can be started to compete successfully with the mills already in existence.

From these facts I think it may be reasonably argued that the prospects for the future of the British industry are very promising. America, which comes next to England in regard to cotton machinery, can only spare 5 per cent. of her productions for export.

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There is a great reconstructive work before us in this country, in spite of the fact that our machinery is intact, and the sooner we begin it the better it will be for all concerned. It is of the utmost importance that the Cotton Control Board should be continued, so that the industry may be prepared unitedly to face the vicissitudes which have always to be encountered. The Board has done a great deal for the industry during a time of great crisis. It has not always taken what seemed to me to be the best step when faced with difficulty, but generally speaking, there is not much room for complaint. It is to be hoped, however, that the Board will not relax its efforts in the future. Problems of vast importance will have to be solved, and quick decisions reached if we are to make up for our inactivity during the war period. What is urgently needed at the moment is that we get back our men from the army, and make their working conditions, if possible, better than when they left us. Wiser counsels, too, must prevail, and a better understanding come to between employer and employed. The relationship between the two must be closer if we are to carry on the industry free from the irritating disputes which have so greatly handicapped the past. Success in these matters will largely depend upon the sympathetic outlook of the Cotton Control Board. In my long connexion
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with the cotton trade I have always advocated that, provided the industry is managed as a whole, we can face any of the numerous contingencies that arise, provided that production is regulated according to demand. The whole secret of the success of the Cotton Control Board during the past 12 months is the adoption of this principle.

THE LATE MR. DAVID LUBIN*

David Lubin, founder of and United States delegate to the International Institute of Agriculture at Rome, has passed "through Nature to eternity." Temperamentally modest and unassuming, David Lubin held it to be his duty to make himself useful to mankind. With a quiet simplicity; without in any way obtruding his own personality, he initiated schemes both of national and international importance, on which men formed in another mould would have made themselves famous.

But David Lubin was a man ordained for good works, and his ears were not attuned to take delight in the praise of man. His reward was in the consciousness of having done some service for the benefit of humanity. It was on account of his peculiar disposition to retirement that he was so little known.

I first met him in 1904, when he came to Manchester to prevail upon me to undertake a mission to France, after interviewing officials of the British Government on behalf of his scheme

* Mr. David Lubin's death in Rome on January 1st, 1919, is an irreparable loss to the great international work which he initiated and which he advocated so untiringly for many years.

THE LATE MR. DAVID LUBIN

for the establishment of the International Institute of Agriculture. He impressed me, on our first acquaintance, as a sincere, honest, able, unassuming and generous man—a man of character—and this impression, with time, developed into a clear and undoubting conviction. His singularities of manner, which could not escape the notice of anyone of his acquaintance, were the outward and visible sign of one who shrank from publicity. They stamped him as a man endowed with qualities of an extremely rare type—qualities which enabled him quietly and unostentatiously to devote his energies to the common good without a thought of honours or rewards.

His great and lasting memorial is the International Institute of Agriculture at Rome, now embracing 57 States, for the collection and dissemination of authentic crop reports and statistics. David Lubin spent the best years of his life trying to find some method to save farmers, and the community in general, from being at the mercy of the fictitious values placed by professional manipulators on cotton, corn, and other of the world's agricultural products. His suggestions were submitted to each of the principal countries, as an effective way to eliminate the gambler, and thereby to "steady" the world's markets, and the valuable support which he received from the King of Italy brought his great scheme to fruition.

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Mr. Lubin also brought forward the question of rural credits in the United States of America, and he secured the adoption by Congress, in 1914, of a proposal for the establishment of an international Commission on merchant shipping.

Just before his death, Mr. Lubin was busily preparing another international industrial scheme.¹

I have written these few lines in appreciation of the great work of a great mind—of a man whom I am pleased to have known, with whom I have had the privilege of co-operating, and whom I learned to admire in willing compliance with the old exhortation to estimate the value of a man by the utility of those employments on which he bestowed his attention.

In closing this brief note of appreciation of David Lubin, a man of undoubted genius and of unfailing modesty, I may add that it is a satisfaction to me to have had the opportunity, shortly before his death, of recording in permanent form, some evidences of his far-sighted wisdom, and to have learnt from himself that the world-wide circulation of the volume in which the record appears, had afforded him much pleasure.

David Lubin's name will live for all time, as one of humanity's benefactors.

1. See p. 152.

THE WITHDRAWAL OF THE COTTON CONTROL BOARD'S RESTRICTIONS.¹

Enquiries as to what is likely to happen to the cotton industry when the treaty of Peace is signed are constantly being made.

In the opening paragraph of "War to Peace," p. 256, I said that skilful management was quite as essential in emerging from war as in entering upon it, if not, indeed, more essential; and that provided this skilful management was forthcoming, I believed that we were on the threshold of a great future in industry, provided also that the industrial control was left in the hands of its skilled leaders, representing both Capital and Labour, otherwise the errors made at the outbreak of war might be repeated and even intensified.

One of the keenest disappointments I have experienced in this connection is the abandonment of the work of the Cotton Control Board at a time when it was more necessary than ever that such work should be continued.

Why should the control of the producing power of an industry dependent upon exports for three-quarters of its production be abandoned when

1. Cotton Control Board Leaflet, No. 57, February 3rd, 1919

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the restrictions regarding exports are still largely maintained?

If there was a sufficient reason for this abdication, why does not the President of the Board of Trade, who appointed the Control Board, state that reason publicly? Nothing is to be gained by pursuing a policy of secrecy in so vital a matter. My faith in the Cotton Control Board was such that I strongly advocated its permanent continuance, and I therefore regret all the more that circumstances compel these words of criticism. I hardly think, however, that I should be doing my duty, after so long an experience of the cotton industry, did I remain silent when the perplexities of those engaged in carrying on the industry seem to be increasing rather than diminishing.

It is stated that the Master Cotton Spinners' Federation is proposing to institute short-time as a remedy for the present troubles, but my long experience of the difficulties met with by the Federation in its previous efforts in this direction does not inspire me with much hope of success, unless the recommendation made by the Industrial Council in 1912 be carried into effect—viz., that when three-quarters of an industry, masters and men, decide on any line of action, the other quarter shall be compelled to fall into line. There is little hope of success otherwise. It was only when this recommendation was adopted that the
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success of the Cotton Control Board was assured.

I do not contend that the operations of the Cotton Control Board were all that could be wished, but I admit that the difficulties it had to contend with were very great. One of its most serious mistakes was made in allowing the margins between cotton and yarn to reach the dimensions they did, especially when the claims of the Excess Profits Tax absorbed so large a proportion—a matter which seems to be overlooked in the extravagant statements which have been published about cotton spinning profits. Another mistake was in not giving adequate attention to the manufacturing side of the industry which did not experience anything like the prosperity enjoyed by the spinning section.

I hold strongly that the apparent adoption of a policy of drift is against the interests of employers and operatives alike, and I believe just as strongly that if the control as regards production had been continued, at all events until the restrictions regarding exports had been removed, and some control, also, exercised over the raw material, the industry might have been tided over to a time of great prosperity, enabling the claims of the operatives to be adequately met.

So far, the cotton operatives have not received any greater increase in wages than has been given to workers in other industries. If the increases had been given as war bonuses to be

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reduced gradually as the cost of living fell, no exception could be taken, as it was only right that so far as possible the pre-war standard of living should be maintained. I am strongly in favour of improving the condition of the workers, and this can be brought about by international action. That this is practicable has been demonstrated during the past twelve years, wages and conditions of work having been raised in other cotton manufacturing countries, bringing them much nearer to the English standard.

It is well known that I took a strong stand in advocating the control of the raw material at the commencement of the war. The exercise of this control, which is practically in the hands of the United States of America and the British Empire, would have prevented the serious fall in prices that took place, followed by the exorbitant rise, and now succeeded by a recoil which has upset confidence, and is making business extremely difficult. That control, together with the control of the machinery, to meet the exigencies of war conditions, would have obviated the serious losses in which the cotton industry was involved in the early years of the war, and at the same time provision might have been made for the unemployed in the industry. The correctness of these views has been shown in the remarkable change in the conditions which followed the establishment of the Cotton Control Board in 194]

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1918, and its subsequent management of the industry as a whole.

The removal at the present time of the Cotton Control Board, after what it has accomplished, is simply inexplicable, and I consider it is only just to those engaged in the industry that some official explanation should be forthcoming. Further, in the national interest, I earnestly advocate the reinstatement of the Board, without delay.

In conclusion, I would like to say that anyone who can take a comprehensive survey of the cotton industry of the world need feel no alarm at seeing the wild statements constantly being made with regard to the capture by other countries of our export trade in cotton manufactures. The whole subject resolves itself into a question of facing, in an intelligent manner, exigencies which are constantly being encountered in a world-wide industry, and in crises dealing with industries as industries and not as competing concerns.

ENGLAND'S COTTON INDUSTRY: A HOPEFUL VIEW.

(April 15, 1919.)

Until about 150 years ago cotton spinning and weaving were carried on by hand, and in the transition from that method to the adoption of power, the genius of England's inventors gave her a good start in the rapid development which followed in an industry which now clothes such a large proportion of the inhabitants of the globe. The pre-eminent position thus gained has always been maintained.

In emerging from the present unprecedented struggle, England's cotton spindles and looms remain unimpaired by the war. During the ten years before the war her spindles were increased by 12,000,000, an increase in excess of the total number of spindles possessed by India, China and Japan collectively, and also in excess of the total number of spindles in Germany, Russia or France, although all these countries for nearly a century have been spinning and weaving cotton by power with machinery mostly supplied by England.

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Unless there is inexperienced or obstructive legislation, or want of friendly co-operation between the organisations of capital and labour, this immense advantage at a time when the markets of the world are depleted of cotton goods assures full employment for Lancashire's staple industry, although this industry, so far as the volume of trade is concerned, has suffered most severely through the war, nor could this be otherwise in the case of an industry which has to import all its raw material and export over three-quarters of its manufactures.

The combined action to deal with the present severe crisis that is now being taken by the organisations of employers and operatives is the course I have advocated for many years. Going back to 1904 a similar course was adopted owing to shortage of the raw material, and by the action then taken a disaster of the first magnitude was averted. With such an object lesson it is incomprehensible why similar action was not taken at the outbreak of war, in view of the serious crisis in the industry which then took place. It will be remembered that at that time I took a strong stand as regards dealing with the cotton crop of the world, which is mainly under the joint control of the United States of America and the British Empire, but my recommendations were not adopted, although subsequently they were put into operation, so far as Egyptian and Indian cotton

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was concerned; but the whole scheme was necessary to ensure success. Had my scheme been adopted it would have prevented the serious fall in values which took place involving growers, spinners, manufacturers, and merchants in heavy losses. This fall was followed by an unprecedented rise, intensified by speculation, and is now followed by a recoil which is upsetting confidence. I contend that with proper management these violent fluctuations might have been avoided. A primary consideration in the regulation of the world's cotton crop was to safeguard the interests of an important and indispensable industry, but the most serious consideration with me was the economic pressure that could have been exercised to shorten the war. This economic pressure, both as regards cotton and wool, is still in the possession of the Allies, and 'if wisely used may yet prove an all-important factor. In this connection, however, it is obvious that enemy countries cannot pay indemnities if they are deprived of the means for reinstating their industries. As my colleagues on the Committee of the Master Cotton Spinners' Federation did not approve of my action in August, 1914, I resigned the Presidency of the Federation, which I had held since 1894, feeling that I could serve the nation better by being untrammelled.

It is now generally admitted that the decision not to follow the advice given has been one of the 198]

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most serious mistakes of the war. Another mistake as regards the cotton industry was the policy of drift pursued during the first three years of the war, and it was only when the position became critical that the Government appointed a committee of experts known as the Cotton Control Board to control the whole industry. This at once changed the aspect of affairs, and although mistakes were undoubtedly made, the difficulties being very great, what might have been a disaster was again averted. For some unexplained reason the work of the Cotton Control Board was brought to an end just at a time when it was most essential that its operations should continue, and a policy of drift was once more entered upon with most grave consequences. It is to be hoped that the combined action of the organised employers and operatives which has now been taken will be continued and adopted in all crises which may arise from time to time in carrying on a world-wide industry.

Statements are appearing in the Press indicating on the part of both writers and speakers undue concern regarding the effect the war is likely to have upon the future of the British cotton industry. Many of these statements are made, I am convinced, by men who have not studied the history of our greatest manufacturing industry, and who seem to have little idea of the relative position in the cotton industry of the world of

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such countries as, say, Japan and the United States—the two countries most frequently singled out as potentially powerful competitors of Lancashire's staple industry.

Some little time before the outbreak of war the Japanese Government announced their intention to abolish, after a certain period, all night work in the cotton mills of Japan. The immediate result of this announcement was the placing of orders in England for machinery so as to keep up the production. A certain quantity of this machinery has been delivered since 1914, and when the great Lancashire textile machinists were turned on to the making of munitions, quantities of second-hand machinery were purchased and shipped with considerable difficulty to Japan.

Together these items have increased the cotton-spinning machinery in Japan from under two million spindles before 1914 to about three million spindles at the present time, and this total compared with the 144 million cotton spindles in the various cotton manufacturing countries of the world, is insignificant. Japan has to supply her own population with cotton goods, and has for her neighbours the densely-populated countries of India and China. It is estimated that these two countries contain about half the population of the globe.

Recently I noticed a paragraph in the Press dealing with a syndicate with a capital of 200]

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£20,000,000 which, it was stated, had been formed in the United States for the purpose of supplying England with cotton goods. So far as cotton-spinning machinery is concerned, the United States possesses about half the number of spindles there are in England, and the climate there makes the demand for cotton clothing for the 100,000,000 people of the United States much greater proportionately than is the case in England. Statistics show that before the war the United States exports of cotton manufactures amounted to about 5 per cent. of the production, whereas of the production of the 57,000,000 spindles and dependent machinery in England over 75 per cent. was exported.

'As I have already said, one fortunate circumstance for the English cotton industry in this connection is, although we did not appreciate it at the time, that we put down 12 million new spindles in the ten years before the war. The enormous advantage we possess in machinery becomes more apparent when we consider the effects of the war in regard to its production.

During the war the works of the textile machinery makers were largely turned on to the manufacture of munitions, and it will take a considerable period before they can get back fully to their ordinary industry. The first work, when they do get back, will no doubt be to restore the machinery of our Allies destroyed or damaged

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in the war. Merely to replace destroyed or worn-out machinery throughout the world will take a long time, during which the cotton industry in this country will have an opportunity of increasing its output to possibly what it was in the year preceding the war. Moreover, since the outbreak of war, the cost of cotton machinery has increased by something like 250 per cent., a formidable handicap to new undertakings in countries which might wish to enter into competition with England.

Notwithstanding that England has supplied most of the cotton spinning and manufacturing countries of the world with machinery, these countries are all customers of England for the beautiful fabrics which the inherited skill of generations enables her to produce, and which are appreciated in all parts of the world.

These considerations will, I hope, largely dispel the wrong impressions created by the sensational Press statements to which I have referred. It seems to me that these statements must owe their origin either to ignorance or interested motives.

If such combined action as was taken in 1904 had been adopted at the beginning of the war, instead of a policy of drift being allowed to continue from 1914 to 1918, we could have tided the cotton industry through an unprecedented crisis, and secured a return on capital as well as providing for the temporarily unemployed
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through the exigencies of the war. This has been proved by the changed conditions which followed the appointment of the Cotton Control Board at the beginning of 1918.

Press experts from time to time issue statements giving a list of the dividends paid by a certain number of limited companies over a short period, by which both the general public and the operatives are misled. Indeed, as a result of these statements, one prominent Labour Leader stated in the House of Commons, in February last, that although the cotton trade had been on short time, the average profits were stated to be 45 per cent. Such misleading statements in the Press should be prohibited.

The only figures that are of any real value in estimating the profitable nature of the industry as a whole are the figures which show the return on all the capital—debentures, preference, loan capital, and ordinary shares—employed in the industry. In some districts cotton spinning mills are run on ordinary share capital amounting probably to one-third, and in some cases considerably less, of the capital employed, the remaining two-thirds being loans at a fixed rate of interest. Thus, as so large a proportion of capital employed is at a fixed rate of interest, the dividend declared on the ordinary share capital is no real guide as to the profitable or unprofitable state of the undertaking. The only legitimate rate of profit

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to be considered is that earned upon all the capital employed, the division among the parties interested being a domestic arrangement involving risks as well as privileges to the ordinary shareholders. For example, a company financially constituted as mentioned above, and paying, say, 5 per cent. on the debentures, 5 per cent. on money on loan, and 20 per cent. on its ordinary share capital, which would doubtless be considered an exorbitant profit, would not show more than 10 per cent. on the total capital employed—a figure which competent authorities admit to be reasonable. These misleading statements made at a time of industrial unrest are calculated to increase rather than diminish the unrest of the workers, who, were it made clear to them what actual profit has been made, would realise that those who supply the capital have quite a right to a return sufficient to compensate them for the risks of fluctuating profits from one year to another. Over a long term of years the profit on the capital employed in the cotton spinning industry does not amount to an average of more than 5 per cent. per annum, excepting in the case of specialities which represent only a small section of the trade.

A scheme was formulated and put in operation a number of years ago for the regulation of wages in the cotton spinning industry, according to the state of trade, and I am glad to say that the
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collection of the necessary data has been continued ever since. Records are made twice a week from figures supplied by experts who are not concerned in the spinning of cotton, and the tabulation shows the gross profit which is secured by selling yarn and buying the cotton to spin it on the same day. Those employers who speculate for a rise or fall may be fortunate one year and unfortunate the next.

The gross profit thus arrived at is available for ascertaining the nett profit made upon the whole of the capital employed in the industry after deducting expenses. This tabulation can be referred to for one year or a term of years, the results being arrived at by experienced firms of chartered accountants representing both the employers and operatives. Nothing, in my opinion, could be fairer than such an arrangement, but only once in all the controversies regarding wages that have taken place in the cotton spinning industry since the outbreak of war has it been requisitioned.

The scheme is one which could well be applied to all our staple industries, and I think that if, at the outbreak of war, it had been adopted under the auspices of the Industrial Council, representing both Capital and Labour, which the Government appointed in 1911, but never used during the war, although a similar body is now being appointed, it would, by the provision of full

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information as to the return on the capital employed, have shown the division of the profits of an industry between those who supplied the capital and those who contributed their labour. It would also have shown, during this unprecedented crisis, how much of the return on capital was paid away in ordinary taxation and in excess profits. It would have had the effect of preventing profiteering, and would have met the just claims of the workers for increased payment due to the enhanced cost of living; indeed, to a great extent, industrial unrest might have been eliminated by a provision of statistics which would have revealed the real position in every industry to which the scheme was applied.

I am an earnest advocate of raising the position of the workers of the country, and this can be done by an equalisation of the working conditions and wages all over the world. I do not mean to say by this, that the same wages shall be paid in all countries irrespective of the skill of the worker and the cost of living. In Japan, for example, it takes a larger number of operatives to perform any specified work than is the case with similar work performed by the skilled operatives of England. It is quite possible that if all the conditions of work in Japan be taken into consideration, the wage bill there would not be so much as is generally supposed below the English level. All these are matters which can

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be adjusted if dealt with by experts, but it is quite impossible to raise the condition of all the workers permanently without attention being given to this process of equalisation. By international co-operation much has already been done in this direction, which, had it not been accomplished, would have been considered Utopian.

From a large experience of both national and international trade, I hold the firm conviction that, especially in times of crisis, if the organisations of Capital and Labour would co-operate and deal with industries as industries, and not in the interests of competing concerns, adopting the recommendation made by the Industrial Council in 1912, viz., that where three-quarters of an industry, masters and men, decide upon any line of action in times of difficulty the remaining quarter must toe the line, it would be possible, when employment is reduced from any cause whatever, to secure a return on the capital invested in all industries, and at the same time to make provision for the temporarily unemployed. If the nations of the world would only realise their interdependence, as they have already done, to so large an extent, by working together in perfect harmony in two international organisations—the International Cotton Federation, established in 1904, and the International Institute of Agriculture, established in 1905—and if organised Capital and Labour were to work together in

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developing the undeveloped resources of the world, which I believe would give ample employment to all, the appalling waste resulting from the war might be made up in a much shorter period than is generally believed, especially when one bears in mind the enormous benefits that would follow a reduction in the burden of armaments under which all the nations of the world have been labouring.

COAL NATIONALISATION.

LEADERS OF INDUSTRY. VIEWS OF STATE
CONTROL.

(June 28, 1919.)

State control during the war has, in my opinion, led to extravagance, inefficiency and chaos, and is largely responsible for the increased cost of living and reduced value of money. In the cotton industry I have advocated for many years co-operation between Capital and Labour, absolute openness as regards the profits of industry, and an equitable division of these profits between Capital and Labour. I believe that industries, especially the coal industry, managed in this way, would undoubtedly lead to increased efficiency and output, and consequent cheapening of cost, which is essential to the maintenance of our position as a great industrial nation dependent upon exports for such a large proportion of our employment.

THE COTTON DISPUTE.

(July 5th, 1919.)

Sir Charles Macara, Bart., interviewed in Glasgow yesterday by a representative of "The Glasgow Herald" regarding the position of the Lancashire cotton dispute, expressed himself strongly in favour of arbitration.

"I left Manchester a week ago," he said, "for a few days' motor tour in Scotland, believing that through the good offices of my friend, Sir Herbert Dixon, President of the Fine Cotton Spinners' and Doublers' Association, who has been associated with me during the past thirty years in the national and international organisation of the cotton industry, the mills would start last Monday. I regret, however, to see from the press that work has not been resumed, and that the prospects of resumption are not too promising. I have always upheld the cotton industry as a model of co-operation between capital and labour, and during the twenty-one years of my Presidency of the Master Cotton Spinners' Federation, although there were many disputes, these were settled by negotiation between the parties themselves. Any intervention that took place was
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practically confined to the calling of the two sides together when negotiations had been broken off.* This was an object lesson which, I am sure, produced a great effect upon the whole industrial world. It is all the more to be regretted, therefore, that the present position should have arisen. The cotton industry is entirely interdependent in all its branches. One link out of the chain paralyses not only the whole industry but the subsidiary industries and the great mercantile interests in connection with the distribution of the manufactured products, as well as in connection with the handling of the raw material.

“The Operative Spinners’ Amalgamation is certainly a model of trade unionism. I believe that financially, for its numbers, it is perhaps the strongest trade union in the world. But I would

* For fifteen years after the signing of the Brooklands Agreement there was no dispute which resulted in the general stoppage of the industry. The first dispute occurred in 1908 on a question of wages, and was brought about by one section of the organised operatives, whose action paralysed the whole industry for seven weeks. In 1910, an attempted interference in the management of the mills caused a general stoppage of four days. In 1914, much to my personal regret and notwithstanding my earnest endeavours, the Brooklands Agreement as a whole was abandoned, as a result of the view entertained by the operatives that unnecessary delay on the part of the employers arose in connection with the settlement of disputes at individual mills. Some of its provisions have, however, been retained.

Since 1914 various stoppages of the whole industry have unfortunately occurred, the last for a period of three weeks. One has only to call to mind the extent of the English Cotton Industry to appreciate the stupendous national loss which is involved in these stoppages.

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appeal to this Amalgamation to consider the national interests that are involved, and also the interests of the hundreds of thousands of people who are deprived of their means of livelihood and have no funds to support them while they are out of work. Sir David Shackleton, the Permanent Secretary to the Ministry of Labour, suggested that the matters in dispute should be left to arbitration. Sir David Shackleton and the Government are well aware that for many years there has been a scheme in the cotton spinning industry, in which masters and men have equal rights in ascertaining the profits of the industry, for the regulation of wages according to the state of trade, and that this scheme is practically arbitration without an arbitrator. Surely if this can be done in a highly complicated industry such as cotton spinning, some means can be devised for ascertaining the fairness or otherwise of the operative spinners' demand for a $46\frac{1}{2}$ -hours week instead of a 48 hours week, and also of their demand that the settlement should not cover so long a period as eighteen months.

“I have held from the commencement of the war that the working people of the country were entitled to the raising of their wages in proportion to the cost of living, and that the cost of living should have been ascertained, and that increases might have been given to maintain their position equal to that of pre-war times—gradually increas-

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ing these advances as the cost of living rose, with the understanding that when the cost of living fell the increases would be gradually reduced, but that the working people should certainly not be in a worse position than they were in pre-war times. I am in favour of raising the position of the working people in this and in the other countries of the world by reducing the hours of labour and increasing the wages. I believe that that policy, which has been in operation in many countries during recent years, has only to be carried on to secure that the position of the workers throughout the world will be permanently raised.

“As a final word I would strongly urge the operative spinners to go back to work and submit their grievances to arbitration, on the understanding that the employers also agree to arbitration. By such a line of action there can be no loss of prestige on either side.

“Then there is the recommendation of the Industrial Council, equally representative of capital and labour, appointed by the Government in 1911 in connection with the extensive inquiry that was held as to industrial agreements, that where three-quarters of the masters and men in an industry decided on any line of action the other quarter should be compelled to toe the line.”

INDUSTRIAL PEACE.

(July 17th, 1919.)

Holding, as the result of a long and intimate experience of trade, both national and international, the sincere conviction that the true solution of all troubles and misunderstandings between Capital and Labour is to be found in co-operation, especially in times of trial, I cannot but dwell once more with insistence upon that central axiom.

The essential thing, as I see it, is to deal with industries solely as industries, and not in the interests of competing concerns. In my considered opinion, the one policy of promise is embodied in the resolution, formulated by the Industrial Council, equally representative of Capital and Labour, to the effect that, when three-quarters of an industry, masters and men, have decided upon an approved course of action in difficult times, the remaining quarter must toe the line. Then, whenever employment is reduced, it would be possible to secure a return on the capital invested in all industries while making provision for those temporarily unemployed, as

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was shown by the Cotton Control Board in 1918.

Recently, the nations of the world, to a large extent, have had their eyes opened to their essential interdependence. It remains for them now, in the light of that knowledge, to work together harmoniously. The possibility of this has been already demonstrated by the harmonious working of two international organisations—the International Cotton Federation, established in 1904, and the International Institute of Agriculture, established in 1905, these organisations dealing with the necessities of life—food and raiment. If, in addition, organised Capital and Labour, on their part, will but unite in utilising the still undeveloped resources of the world, which, as I believe, suffice to afford ample employment for all, there is a fair prospect that the appalling waste of the war may be repaired within a period considerably shorter than generally is estimated, particularly in view of the incalculable benefits to be expected from a substantial lightening of the burden of armaments, under which the nations have been weighed down so long, and release from which holds out the one sound hope of a better-ordered world in a happier future.

A STRAIGHT TALK TO CAPITAL AND LABOUR.

(July 18th, 1919.)

We have now reached the parting of the ways in industry when on the choice of our road depends the future of our island home as the leader of the world's commerce. In other words, the time has arrived when, unless something is done to maintain our industrial and commercial supremacy, and to render impossible the paralysing of industry by frequent disputes between Capital and Labour, we shall bring about our own destruction by continuing to wage industrial war.

Now that peace has been signed, nothing could be more advantageous to our foreign competitors than that we should be immersed in strife, and so permit them to resume their policy of peaceful penetration. Not only so, but upon the development of the commerce of the country rests the ability of Great Britain to meet her financial obligations. If we are to meet our national indebtedness, our trade, commerce, and manufactures must not be allowed to decline, and neither

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must enterprise be arrested either by taxation or disputes between Capital and Labour. Production must be stimulated to the greatest extent, and that can only be done by conserving for our industries the means to produce more and more wealth.

To-day the need is urgent for capital, and I would impress this fact upon the working people of the country that the lack of capital to expand the industries in which they are employed does not tend to their welfare.

There can be no shadow of doubt that if we are not prepared to meet our rivals because of our domestic wars we shall not maintain our position in the world's commerce. The alternative is national decay, and in that event the workers will be the first to suffer. Let it not be forgotten that prosperous industries mean more than prosperity for the capitalist class. If the workers are not prosperous, then the industries of that country are in a decadent state, or there is something radically wrong with the industrial partnership. It has to be borne in mind that the interests of Capital and Labour are interdependent, and if our industries are to recuperate we must have industrial peace. There must be a reasoning between Capital and Labour. Intrigues of one class against another must cease. On our unity depends our industrial salvation; to continue the strife courts disaster. It is the duty of the

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employer to meet his employed at the cross roads and settle their differences, so that they may march together, and not go into opposite camps, avowedly hostile.

I have always kept before me the rights of labour, and I would add that my belief in strong combinations of employers and employed has never wavered. It is founded on the fact that only by efficient organisation can the interests of both be served and the success of industry maintained.

Labour conditions to-day have improved vastly from what they were before the inception of Trade Unions. The representatives of the workers have been able to lay before the employers the grievances of the employed, and relations between the two have been more harmonious; but there is still room for improvement along well-defined lines. To-day we cannot afford to waste time bickering about grievances which should never have been allowed to exist. Grievances must be diagnosed at once and speedily removed. The time has passed for palliatives.

The weakness of our industrial organisations in the past, I fear, was that they regarded themselves too much in the light of combatant forces. Instead of having a little tolerance and forbearance there has lurked an atmosphere of suspicion which has resulted in strife. In the future there must be mutual charity and forbear-

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ance. Employers and employed must never forget that "united we stand, divided we fall." I would ask the employer never to lose sight of the position of his worker, and I would ask the worker to regard closely the position of the employer. There is no doubt that much of the strife of the past has been very largely contributed to by ignorance, sometimes by selfishness and the absence of a sympathetic outlook. To-day, we need the assistance of the workers, not only in their own interests, but in the interests of the country, to help and co-operate with the captains of industry in the great process of recuperation, and for this reason we must maintain industrial peace.

I contend that without direct State intervention the employers and the workers can adjust their own grievances without resorting to antiquated and merciless methods of force, the evils of which we know. In the cotton industry we have given the lead in improving the relations between Capital and Labour. It is highly organised, and the employers have always appreciated the fact that the Trade Union leaders are men possessing the highest qualifications for the work they have to do. In the Conference room they have displayed their ability in the past.

I speak from 21 years' experience, during which time I presided by the unanimous vote of masters and men in connection with general

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disputes in the cotton industry, and in all cases these disputes were settled by negotiations between the parties themselves. Any intervention that took place during that long period was simply in calling the two sides together when they had broken off negotiations. This was a vast change from the previous twenty years, when strikes and lock-outs were very frequent, and I have no hesitation in saying, had that state of things continued, half the cotton trade of England would have been lost instead of the immense development we have to chronicle.

From the experience gained of the historic Brooklands Agreement, which brought to a close the twenty weeks' strike in the cotton trade in 1892-3, I formulated the scheme for bringing together round one table the chief representatives of capital and labour in the staple industries of the country, and, after securing the approval of the leading captains of industry and many of the labour leaders, the Government appointed the body known as the Industrial Council in October 1911. High hopes were entertained then of the services this body would render to the cause of industrial peace, but for some reason difficult to understand and never explained this body was only utilised to a very limited extent before the war, and notwithstanding the considerable unrest during the war, it was not utilised at all.

I would put before my readers four points that
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I have frequently emphasised, viz. :—

(1) That as our prosperity rests mainly upon trade, and that as for the conduct of trade adequate capital is essential, it is important that the Government should not place needless restrictions on industry.

(2) That for the future employers and employed should settle their disputes without resort to the brutal methods of strikes or lock-outs.

(3) That the machinery of the Industrial Council or some other body representative of employers and employed should be instituted, so that when any dispute occurs those best qualified to settle the grievances would give a decision likely to be respected by the parties.

(4) That the agreement as recommended by the Industrial Council of 1912 entered into between both parties, and representing three-fourths of the persons employed in any industry, should be held to be binding on the remaining fourth.

Summing up, I would say that the ideal position—the one I have often advocated—is that the organisations of capital and labour should embrace all engaged in the staple industries; that there should be close co-operation between those bodies in dealing with the problems affecting those industries as a whole. and that there should be a fair division of profits between those who furnish the capital and those

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who supply the labour, because each is indispensable to the other.

The position of the British Empire in emerging from the war—unless there is inexperienced and obstructive legislation or a want of friendly co-operation between organisations of capital and labour—is immensely stronger than it has ever been before, and all that is necessary to render this commanding position permanent is that the organisations of capital and labour should work harmoniously together: and there should be absolute openness as regards the profits of industry, and an equitable division of these profits between capital and labour. State intervention should be entirely confined to assist in carrying out the decisions of the majority of masters and men—but not in interfering with the working of industries of which it cannot be expected that heads of Government Departments or permanent officials can have the knowledge necessary for intervention or direction.

Much of the labour unrest that exists to-day has been engendered by the intervention of politicians, leading labour extremists to encourage the workers to make unreasonable demands, which, if agreed to, would ultimately be disastrous, not only to employers, but to the workers themselves.

Friendly co-operation between capital and labour, and due respect of the rights of both, will

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lead to the raising of the position of the workers and to the prosperity of the whole nation. I have always held that national prosperity is to be gauged only by the prosperity of the greatest number, and the schemes I have propounded to bring about this state of things have all been based on this foundation.

THE FUTURE OF BRITISH INDUSTRY.

(August 8th, 1919.)

The main essential for the future well being of British industry is that Capital and Labour work together in friendly co-operation. I have been an earnest advocate of this policy for many years, but I do not fail to remember that increase of wages alone do not necessarily lead to increase in well-being, for whatever tends to increase the cost of the necessities of life to a considerable extent neutralises the benefit of increased wages to the workers, as the expenditure on food and clothing absorbs so large a proportion of their earnings.

Labour extremists who encourage the workers in the belief that the capitalist class get an undue proportion of the profits of industry largely overlook the fact that the cost of labour, and everything else that enters into the running of the industries in which the workers find their employment, has to be met before the capitalist gets any return on his investment, and less account seems to be taken of the risks incurred. If the workers took all that was left after the

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expenses of running an industry were met, their individual share would add but little to their earnings.

A short time ago, dealing with the statement that has been made repeatedly that dividends have been doubled in recent years, Mr. Hartley Withers, a well-known financial authority, referring to an article on "Six Years of Industrial Profits," said :—

"An analysis of the reports of all the industrial companies that can be induced to supply them shows that the average dividend has risen from 10.4 in 1913-14 to 11 per cent. in 1918-19, and the rate of profit on capital has risen from 9.4 to 11.2 per cent. Where is the doubling of dividends?

The Economist also observes that during the same period the industrial shareholder's income tax has risen from 1s. 2d. to 6s., 'so that his actual cash receipt has fallen from £9 16s. od. to £7 14s. od., and in the meantime the buying power of his cash has been reduced by 50 per cent., or more.'

I am sure it will be agreed that at a time like this, when suspicions and bitterness are rife, it is not well to make feeling between classes worse than it is by exaggerated statements of the profits of industrial shareholders."

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I have repeatedly pointed out that the ordinary share capital upon which the dividend is declared in the majority of limited companies may represent perhaps one-third of the total capital employed, the remaining two-thirds representing debenture, preference, or loan capital, on which a modest fixed rate of interest is paid.

The thrift propaganda which was so extensively developed during the war, has encouraged universal saving. The wage-earners of the country have invested their savings largely, not only with a view to help their country in a time of severe stress, but as a provision against life's uncertainties, and especially against the infirmities of old age.

I believe that the people on whom the enhanced cost of living has told most severely are those with fixed incomes, those who in advancing years are living upon the interest derived from their savings, or the widows and children of men whose invested savings do not bring to the home any higher rate of interest. The purchasing power of these fixed incomes has been reduced by at least one-half.

The capital needed for running the industries of the country has been, to a much greater extent than at any previous time, contributed by all classes of the community, and thus represents the savings effected by brain and muscle, or both. The revolutionary proposals which are some-
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times made with regard to capital would, if put in operation, destroy the incentive to save, and it is surprising that this is not realised by the advocates of the policy of the conscription of wealth and other confiscatory schemes.

Instead of labour extremists endeavouring to set class against class, I would propose a worthier aim—to recognise and act upon the certainty that more than ever in our country's history, harmony between Capital and Labour is essential to their mutual well-being, as well as to the nation as a whole. Schemes have already been devised and put in operation by which the representatives of Capital and Labour, with equal rights, can ascertain the profits of industry, and this being made general an equitable division could easily be effected.

For carrying out such work as this a body styled the Industrial Council was appointed by the Government in 1911. Capital and Labour were equally represented, and an extensive inquiry into industrial agreements and their observance was deputed to that body. Strangely enough, that representative Council has never been used during the unprecedented crisis resulting from the world war, and the reason for the neglect to make use of its services has never been forthcoming. Its suitability for its work was probably the main official objection. Had this Industrial Council been made use of, effec-

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tive co-operation of the industrial, commercial, and financial interests would have been assured, and the representatives of Capital and Labour would have had equal rights in dealing with them. There is very little doubt that had this been done the problems connected with the supply of the necessaries of life, and with the undue raising of the prices of commodities, would have been tackled with much more energy and success than has been the case. I am convinced that the rise in prices has been, and is, largely responsible for the creation of industrial unrest.

Much of the industrial unrest that has troubled the country in recent years might have been obviated had the Industrial Council been kept alive. It might have prepared statistical reports regarding the increase in the cost of living, and recommended the giving of war bonuses, to be raised as the cost of living rose, and to be gradually removed as the cost of living fell. So rational a method would have satisfied the leaders of Labour that the position of those they represent was being kept as near the pre-war standard as possible, and would have had the effect of doing away with the handicap on industries especially in such a case as ours, where so large a proportion of the products of industry enters into competition with the rest of the world.

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I have never supported the policy of stereotyping the status of the workers but, on the contrary, have respected their aspirations to improve their lot and to live a fuller life.

Owing to my long connection with the International Cotton Federation and the International Institute of Agriculture, I have had the opportunity for many years of studying labour conditions in many parts of the world, and I have noticed with much satisfaction the improved condition of the workers, due to shorter hours of labour and increased wages. This process is likely to be accenuated in the immediate future, and will in time affect the status of the workers throughout the world. Experts are needed to study the varying conditions, and equalisation of conditions would have the effect of doing away with existing unequal competition between the nations of the world.

I have recently seen reference to double-shift working in some instances in Massachusetts, and I would like to say that want of knowledge of industrial conditions sometimes leads to very erroneous conclusions. Some little time ago an eminent capitalist in a special line of business proposed that the double shift system should be applied to the cotton industry of England. He did not know that owing to the extraordinary development of the industry great difficulty is experienced in running even one shift !

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I am firmly of opinion that efficient organisation, such as exists in England for the purpose of equalising working conditions in the industries, will sooner or later obtain in all the other countries of the world. There are evidences of this in many directions, and those employers who, for their personal aggrandisement, either run double shifts where it is possible or take undue advantage of their associates, are striking at the best interests of both Capital and Labour. Uniformity in the working conditions is absolutely essential, and ought to be under State regulation.

It has to be realised both by representatives of Capital and Labour that the nations of the world are all interdependent, and that each nation is only carrying on its own part of the work of the world. Although there may be rivalry, the main point, after all, is that there should be co-operation and not unfriendly competition, and that by fully developing the undeveloped resources of the world ample employment will be found for all.

What is true of nations is true of our staple industries. They are all dependent one upon the other, and dislocation of one speedily upsets the others. Enormous numbers of people not directly concerned have their means of livelihood taken away, and distress in all directions quickly follows. So I earnestly appeal for harmony

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between Capital and Labour, and when differences which cannot be promptly adjusted between the parties concerned do arise, let each side present its case to such an impartial tribunal as the Industrial Council to which I have referred, for I am convinced that a decision arrived at by so competent an authority would make it impossible for differences to remain unadjusted for long.

I have recently received from the United States a copy of the Labour Relations Bulletin of July 15th. It is evident that a state of grave industrial unrest is anticipated in that country. The Editor opens his Bulletin with a quotation from Basil Manly: "We are about to enter a period of the most acute industrial unrest, and the most bitter industrial controversy that the American nation has ever known," and later in his own words expresses his views regarding the supply of labour: "Few people seem to recollect that this country (U.S.A.) has lost, through lack of immigration, far more than any European country has lost through the recent war. Cutting down the armies in Austria and Germany to an infinitesimal extent means that more workers are released there for industry than those lost by death during the last four years. Conversely, the increasing of the United States army has accentuated the shortage of man power."

I only call attention to these extracts to show

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that England is not the only country to encounter post-war difficulties, but just as England has led the way in the betterment of the condition of the working classes in the past, so the example of industrial unrest displayed here is followed in other countries. It is well that the Labour leaders should realise their grave responsibilities in this matter.

PRIME MINISTER'S RECENT SPEECH.

SOME COMMENTS ON THE SPEECH OF THE PRIME
MINISTER DELIVERED ON THE PROROGATION
OF PARLIAMENT.

(August 21st, 1919.)

The Prime Minister's Review of our present grave industrial position is distinctly disappointing. The nation was justified in looking to him for a strong lead and a vigorous initiative in guiding it, along its perilous paths, to security. Yet, though the dangers are pointed out, remedies are not suggested.

As one who has from the beginning of the war viewed the situation from an entirely non-political standpoint, I desire to offer the following comments.

Having had, for many years, a practical experience of both national and international trade, upon which, after all, everything depends, I have constantly placed at the disposal of the Government and the public, through the press and otherwise, the benefit of this experience, in the hope that it might rouse attention to the utter impossibility of statesmen dealing successfully

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with the colossal task they have had in hand, except by taking the fullest advantage of the advice and assistance of those who have had the management of the great industries of the country, and have been at the head of the organisations of Capital and Labour controlling those industries. I pointed this out at the very beginning of the war, and have not ceased to reiterate these views since.

On September 8th, 1915, at the Manchester meetings of the British Association, I read a paper, dealing comprehensively with the industrial position, which created a great impression at the time. The views expressed were endorsed by Mr. Will Thorne, who followed me in the discussion and who strongly deprecated the employment of lawyers as adjudicators in industrial disputes.

The appointment of Sir George Askwith (now Lord Askwith) as Chairman of the Industrial Council, equally representative of Capital and Labour, which was created by the Government in 1911, was an admirable one; but without the technical knowledge supplied by the members of the Council, over which he presided so well, it would have been impossible for him, or for any other lawyer, to deal successfully with the intricacies and subtleties of the numerous disputes as they arose. These remarks apply equally to the present Minister of Labour.

PRIME MINISTER'S RECENT SPEECH.

I notice that the Premier referred to the Whitley Industrial Councils, but he seems to have overlooked that the 1911 Industrial Council to which I have referred has never been utilised since the outbreak of war. The Whitley Committee, which was appointed at a comparatively recent date, only recommended the general adoption of arrangements that had been in existence for many years in the cotton and other staple industries, and everything recommended by the Whitley Committee was fully provided for by the original Industrial Council, which could have been dealing effectively with the industrial situation from the very commencement of the war.

The evils which have resulted from the interference of politicians in matters with which they were not qualified to deal might have been obviated had they confined themselves to their legitimate and onerous duties, and deputed to the heads of the great organisations of Capital and Labour who sat on the Industrial Council appointed in 1911, conjointly, the task of mobilising the industries for war, and now for peace.

AN OPEN LETTER TO THE PRESI-
DENT (Mr. JAMES R. MACCOLL)
AND THE MEMBERS OF THE
WORLD COTTON CONFERENCE,
TO BE HELD IN NEW ORLEANS,
October 13th to 16th, 1919.

Dear Mr. MacColl and Gentlemen,—

It is a matter of great regret to me that, owing to my onerous business and other engagements, as well as to advancing years, I have been compelled to decline the various invitations I have received to visit the United States this year. Especially is this the case in regard to the invitation to attend the World Cotton Conference which is to be held at New Orleans in October next, and in the success of which I feel the deepest interest. It was my good fortune to be able to render considerable assistance to Mr. Fuller E. Callaway, Chairman of the European Commission and his colleagues, when they visited England three months ago, and it was a great pleasure to learn subsequently that their mission to Europe had been successful.

The impossibility of my being present at the
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Conference is all the more disappointing to me on account of the various prominent international positions I have held in connection with the cotton industry. Among them I may mention the following:—President of the International Federation of Master Cotton Spinners' and Manufacturers' Associations since its initiation in 1904 until 1915, when its work was practically suspended owing to the war; organiser of the Lancashire Private Cotton Investigation Commission, which visited the cotton-growing States of America twice in 1906; organiser and leader of the European Delegation which took part in the International Cotton Conference, embracing cotton growers, spinners, manufacturers, and representatives of the Cotton Exchanges of the world, which was held at Atlanta, Georgia, in October, 1907; and organiser and leader of the International Cotton Delegation which visited Egypt in November, 1912.

The reports which were published of the eleven International Cotton Congresses and Conferences held in Europe, America, and Africa were distributed throughout the world and were sent under the auspices of the British Foreign Office to the Governments of all civilised countries.

I think, in the circumstances, it is desirable that I should give a short summary of the work that was done at Atlanta in 1907 so that it may

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be available for reference at the forthcoming World Cotton Conference in New Orleans, as it is highly probable that many who will be present did not take part in the Atlanta Conference.

On the opening day of the Conference at Atlanta I delivered an address in which I called attention to the reforms that were urgently wanted in the best interests of the cotton industry of the world. I pointed out that, to be successful, this international industry had not only to be conducted on the broadest lines, but also with due regard to the legitimate interests of all who are engaged in the industry, whether they be the growers of the raw material, middlemen who are responsible for the distribution of that raw material, spinners, manufacturers, or the subsidiary and dependent interests, as well as the distributors of the finished products. All these are entitled to a fair remuneration for their labour and enterprise, but whatever interferes with the smooth working of an industry which employs millions of workers and supplies the clothing for so large a proportion of the inhabitants of the globe ought to be energetically and unitedly dealt with and removed. Those interests which I have just enumerated are necessary factors in the conduct of this international industry, but it is well known that there are people who are not engaged in the carrying on of this industry in any of its branches who are using the raw

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material as a counter for gambling operations by which the crop is turned over innumerable times, and by these operations are seriously interfering with the welfare of all legitimately engaged in it, and by abstracting large sums are adding materially to the cost of cotton clothing so largely used by the poorest people in the world.

In this connection I would like to point out that in pre-war years the price of American cotton, which practically regulates the price of the cotton crop of the world, was about $7\frac{1}{2}$ d. per lb., which was considered a fairly high price. During recent years the price has been as high as 25d. or more per lb.—an increase of say, $17\frac{1}{2}$ d. As every halfpenny in the price of the average annual cotton crop of the world, estimated at 20,000,000 bales of 500 lbs. each, represents roughly £20,000,000, it will be seen that the increase in the value of a season's crop of the raw material of an industry which clothes the preponderating part of the inhabitants of the globe represents on this assumption roughly no less than £700,000,000. I would suggest that some of the questions for the consideration of the Conference are the following :—

How has this increase been brought about? How much of the increase is due to the enhanced cost of labour and the other factors that enter into the production of cotton, as well as to

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increased transport and other charges? and most important of all, how much of it is due to the manipulation of gamblers who, as I have said, play no useful part in the carrying on of the industry, but are, on the contrary, a continual source of anxiety to everyone legitimately engaged in it?

These matters were carefully considered at the Atlanta Conference, and much attention was also devoted to the necessity for great reforms in the growing, baling, and transport of the raw material, as well as to its marketing. Resolutions, clearly stating the nature of the reforms needed, were unanimously adopted, and were widely circulated in the voluminous report of the proceedings which was published shortly afterwards.

Time has proved how great a misfortune it has been that the movement, so auspiciously begun, should not have been carried on until success was attained.

However vital the reforms may be to the cotton industry, vested interests have stood in the way, and it is only by determined and sustained effort that these reforms will be carried out. The experiences gained during the recent five years of war show, first, what immense benefits might have followed the adoption of the reforms so strenuously advocated at the Atlanta Conference; and secondly, how great a benefit would have

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resulted, if, at the outbreak of war, a broad view had been taken of dealing with the cotton crop of the world, and the opportunity had been seized for the establishment of a reserve of cotton so much needed in connection with a crop which, from season to season, varies considerably in quality, and millions of bales in quantity. Cotton properly packed and stored will keep for years without deterioration. This would have prevented the serious fall in price in 1914, which involved the whole industry in great loss and would have mitigated considerably the subsequent unprecedented rise in price. Then as regards the baling and transport, there is little doubt that had the suggested reforms been in operation double the quantity of American cotton could have been carried in the same ships across the Atlantic, and that the same warehouse accommodation would also have stored twice as much as was possible by the continuance of the old method of packing. In addition to this, a very large monetary saving would have been effected.

I am very hopeful that the New Orleans Conference will not be satisfied with a restatement of the Atlanta resolutions, but will take steps to have the recommendations contained in them put into operation without delay. What is wanted to-day, more than ever, is energetic and well-directed action.

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There is very little doubt that the growing of cotton will, owing to labour and other conditions, cost much more than it did in pre-war times. So far as the increased remuneration to labour is concerned, I may say that for many years I have been an earnest advocate of the raising of the standard of living among the workers of the world. I do not fail to remember, however, that increases of wages alone do not of necessity lead to increase of well-being. Whatever tends to an increase in the cost of the necessities of life neutralises to a large extent the benefit of the workers' increased wages, as the expenditure on food and clothing absorbs so large a part of their earnings.

Whilst doing everything, therefore, to promote the well-being of the workers, the great aim must be to economise wherever possible, remove abuses that add so much to the cost of the raw material, and by taking full advantage of science and invention, cheapen the production, for it is by these means alone that the workers of the world can hope to derive full benefit from increased wages. Experts should be appointed to study the conditions existing in all countries, with a view to the elimination of the unequal competition between the nations of the world and the substitution of friendly co-operation, with a clear realisation of the fact that each country is simply carrying on its own part of the world's work.

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As we emerge from the horrors of the recent terrible conflict, it is plainer than ever that throughout the world efforts must be made for the reconciliation of Capital and Labour, for unless every worker, either brain or manual, gives of his best for the common welfare, the outlook is not satisfactory.

Instead of labour extremists endeavouring to set class against class, I would propose a worthier aim—to recognise and act upon the certainty that more than ever in the world's history harmony between Capital and Labour is essential to their mutual well-being. Schemes have already been devised and put in operation in England by which the representatives of Capital and Labour, with equal rights, can ascertain the profits of industry, and, this being made general, an equitable division could easily be effected.

For carrying out such work as this a body styled the Industrial Council, in the establishment of which I took a prominent part, and of which I was a member, was appointed by the British Government in 1911. Capital and Labour were equally represented by the experienced heads of the organisations controlling the staple industries, and an extensive inquiry into industrial agreements and their observance was deputed to that body. Strangely enough, that representative Council has never been used during the unprecedented crisis

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resulting from the world war, and the reason for the neglect to make use of its services has never been forthcoming. Its suitability for its work was probably the main official objection. Had this Industrial Council been made use of, effective co-operation of the industrial, commercial, and financial interests would have been assured, and the representatives of Capital and Labour would have had equal rights in dealing with them. There is very little doubt that had this been done the problems connected with the supply of the necessities of life, and with the undue raising of the prices of commodities, would have been tackled with much more energy and success than has been the case. I am convinced that the rise in prices has been, and is, largely responsible for the creation of industrial unrest.

The Industrial Council might have prepared statistical reports regarding the increase in the cost of living, and recommended the giving of war bonuses, to be raised as the cost of living rose, and to be gradually removed as the cost of living fell. So rational a method would have satisfied the leaders of Labour that the position of those they represent was being kept as near the pre-war standard as possible.

Simultaneously with the second International Cotton Conference, which was held in England in May, 1905, there met in Rome, at the invita-

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tion of the King of Italy, an International Conference of the representatives of many nations, delegated by their Governments to discuss a scheme for bringing the agricultural interests of the world into line. This idea was conceived by the late David Lubin, an American citizen, who passed away on January 1st of this year, but whose strenuous and unselfish work in the interests of humanity will be gratefully remembered for all time. After 20 years of persistent effort under great discouragement, he enlisted the sympathies of the energetic and far-seeing King of Italy. This was the first step towards getting his scheme brought before the Governments of the world, and I shall always remember with satisfaction that, as President of the International Cotton Federation, I was able to assist in the establishment of this beneficent scheme, in which 57 States now co-operate.

The two movements I have referred to are kindred in their aims, and have cordially co-operated since they were established, and have demonstrated most conclusively that it is by international combination alone that we can succeed in providing adequately the two necessities of life for the inhabitants of the globe. It must be borne in mind that all other industries are supplementary or subsidiary to those which provide food and clothing. The two organisations incidentally have provided a practical

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demonstration of the working of a League of Nations, and the entire interdependence of the nations of the world.

I am, Yours faithfully,

CHARLES W. MACARA.

33, York Street, Manchester.

September 3rd, 1919.

Appendices.

APPENDIX I.

RETENTION OF THE COTTON CONTROL BOARD.

In support of my proposal for the retention of the Cotton Control Board after the war as the Industrial Council of the cotton industry, the Right Hon. J. H. Whitley, M.P., Chairman of Committees (House of Commons), and Chairman of the Whitley Committee, wrote to me (June 26, 1918), as follows :—

I have been pleased to read your articles suggesting that the Cotton Control Board might well be retained after the war, as the permanent Joint Industrial Council of the cotton trade, and I venture to hope that your proposal may receive the serious and practical attention of all persons engaged in the trade.

Constructive co-operation in tackling the difficulties of war is the best preparation for similar co-operation in dealing with the problems of almost equal magnitude that will arise after the war. By common consent the Cotton Control Board has been the most suc-

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cessful of the "War Emergency Controls," because it was based on the minimum of Government interference, and the maximum of self-government by employers and employed in the trade. This is the principle advocated by the committee over which I have recently presided for dealing with the problems of war, of transition, and of peace; and I should like to see the cotton trade first in the future in this matter as it has been first in some other things in days gone by.

The proposal is no mere matter of machinery, for it involves a dual recognition—first, of every man and woman engaged in an industry as an individual, whose welfare and development are a concern to that industry—second, of all work as in a large degree service of the Commonwealth.

The absence of such joint organisations has of necessity led the Government to attempt functions for which it could not be equipped; hence the alarming number of "hotels" vainly endeavouring to do work that had better be entrusted to practical persons endowed with the experience and knowledge that only daily life spent in industry can give.

I feel sure that a preliminary joint meeting of employers and trade union leaders would prepare the way for a plan suited to the needs of the cotton industry.

APPENDIX II.

COTTON SPINNING SPINDLES.

This compilation was issued by the International Federation of Master Cotton Spinners' and Manufacturers' Associations in August, 1913. The war has prevented any later issue :—

COUNTRIES.	TOTAL WORLD Estimated Number of Spinning Spindles.
Great Britain	55,652,820
Germany	11,186,023
Russia	9,212,557
France	7,400,000
India	6,084,378
Austria	4,909,458
Italy	4,600,000
Spain	2,000,000
Japan	2,300,000
Switzerland	1,398,062
Belgium	1,492,258
Sweden	534,000
Portugal	480,000
Holland	478,682
Denmark	89,556
Norway	74,572
U.S. America ¹	31,505,000
Canada	855,293
Mexico, Brazil, &c....	3,200,000
<hr/>	
Total	143,452,659

1. The figures for the U.S.A. have been supplied by the Census Bureau at Washington, D.C. Doubling spindles are not included in the above table.

APPENDIX III.

INDIAN COTTON.¹

No one can be engaged in the Lancashire Cotton Industry without coming into contact with India and Indian affairs. The Lancashire cotton trade supports a population which for weight and wealth and density per square mile is hardly equalled in the known civilised world, and it is an impressive thought—it is indeed one of the economic marvels of the world—that a trade which carries so vast a human responsibility is not, like agriculture or shipbuilding, native to the climate and character of Britain, but is so far exotic and fortuitous that not one particle of its raw material could possibly be grown at home and three-quarters of its final product—in normal times—goes abroad. The severest privation through which the county ever passed was caused by a war for the liberation of South American slaves, and in the same way the troubles of India react immediately on the interests, and have been found in practice to react no less on the sympathies, of Lancashire. Instances of this are to be found in the Indian famines of 1897 and 1900, and the earlier famine which occurred in 1877.

A very important part of the constructive

1. Extract from the "Manchester Guardian," Indian Supplement, March 1918.

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work of the International Cotton Federation was done in India. No problem of the cotton trade received more of the time and attention of the Federation than the state of the Indian cotton crop. The degeneracy of the Indian crop is historic. Once the source of the priceless Indian hand-woven muslins, it had become in the course of the ages the characteristically short-stapled crop of the world, and though as such it served satisfactorily for the coarser manufactures of India, Japan, and the Continent of Europe, deterioration, if carried much farther, would have meant a definite loss of wealth at once to India and the world. The object, then, of the Federation in knocking without cessation at the doors of the India Office was a twofold one: first to increase the yield of the Indian cotton crop as it then was, and secondly to spread such principles and practices of cultivation as would lead to a progressive improvement of its quality. In the first of these objects the Federation succeeded so well that the crop was lifted from three million to nearly six million bales, and a project for the experimental sowing of selected American and Egyptian seed on 7,500 acres of irrigated land provided by the Government was only arrested by the outbreak of the European War. With ten more years of peace the

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Indian cotton crop might have equalled in quantity the crop of America. Any very marked improvement in its quality would have taken much longer, but this also was among the plans of the Federation.

Appendix IV.—Note.

I include in this volume the last annual report of the Employers' Parliamentary Association. This Association was founded in December, 1911, as a result of the general dissatisfaction caused by the National Insurance Act. The first Annual Report of the Association states clearly the objects for which the Association was formed. It was to "endeavour to secure the postponement of the Insurance Act, and, failing that, to work for its material amendment, with the object of removing the injustice which the Act imposes upon industrial employers, and, further, to endeavour to secure the recognition of the right of great bodies of employers to be consulted before important industrial legislation is undertaken." For five years the Association carried on a large propaganda work of the utmost importance, and as the last Report, now published for the first time, indicates, was then (contrary to the advice of the chief promoter of the movement), absorbed in another organisation which was only in its initial stages of development.

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THE EMPLOYERS' PARLIAMEN- TARY ASSOCIATION.

President: SIR CHARLES W. MACARA, BART.

Vice-Presidents:

GEORGE HENRY COX, Esq.,
Salt Union Ltd., Liverpool

W. CROWTHER, Esq.,
Huddersfield and District
Woollen Manufacturers' and
Spinners' Association, Hud-
dersfield.

ARTHUR K. DAVIES, Esq.,
Managing Director, Bleachers'
Association, Ltd., Manchester.

HERBERT ELLIS, Esq.,
Leicestershire, Warwickshire,
Quarry Masters' Confereace,
Ashby-de-la-Zouch.

A. J. FORSDIKE, Esq.,
Yorkshire Federation of
Building Trade Employers,
Leeds.

W. W. HARDING, Esq.,
Leicester Master Dyers' &
Trimmers' Assoc., Leicester.

T. D. HARRISON, Esq.,
Agricultural Engineers' As-
sociation, London, E.C.

J. H. HARWOOD, Esq.,
Birmingham Pinafore Mfrs.
Association, Birmingham.

WILLIAM HEAP, Esq.,
National Federation of Meat
Traders' Associations, London,
E.C.

HENRY HEYS, Esq.,
Hawthorn House, Stacksteads.

W. N. HICKING, Esq.,
Notts Lace & Net Dressers'
Association.

C. R. HINDLEY, Esq.,
British Cotton & Wool Dyers'
Association, Manchester

ALBERT E. JACOB, Esq.,
Association of Biscuit Manu-
facturers of the United
Kingdom, Glasgow.

HY. JENKINSON, Esq.,
Leeds and District Master
Printers' Association, Leeds.

ARTHUR KEMP, Esq.,
Hosiery Manufacturers' As-
sociation, Leicester.

WM. OATES, Esq.,
Potters' Assoc., Southport.

J. WHARTON POLLITT, Esq.,
Employers' Federation of
Bleachers, Printers, Dyers &
Finishers (Piece Goods),
Manchester.

CHAS. H. RICHARDSON, Esq.,
Combined Scotch and Irish
Bleachers' and Finishers'
Association, Belfast.

W. PETER RYLANDS, Esq.,
Iron and Steel Wire Manu-
facturers' Association, War-
rington.

A. E. SMITH, Esq.,
Nottingham Lace Finishers'
Association, Nottingham.

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J. PERCY SMITH, Esq.,
Nottingham Lace Manufacturers' Assoc., Nottingham.

R. W. SOUTHERN, Esq.,
Manchester and Salford Case Makers' Alliance, Manchester.

R. H. SWAIN, Esq.,
Nottingham Master Hosiery Dyers' and Finishers' Association, Nottingham.

A. HERMAN SYKES, Esq.,
Fine Cloth Manufacturers' Association, Station Street Buildings, Huddersfield.

BEN TALBOT, Esq.,
North-Western Federation of Building Trade Employers, Manchester.

J. E. TURNER, Esq.,
Fine Cloth Manufacturers' Association of the Leeds, Bradford and Halifax districts, Leeds.

W. WADSWORTH, Esq.,
JOSEPH WHEATLEY, Esq., J.P.,
Woolcombers Ltd., Bradford.

GEO. H. WOOD, Esq.,
Huddersfield Master Dyers' and Finishers' Association, Huddersfield.

CENTRAL EXECUTIVE COMMITTEE.

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Vice-Chairman: W. PETER RYLANDS, Esq.

(Director: Messrs. The Pearson & Knowles, Coal & Iron Co., Ltd.), etc.

W. H. CAREY, Esq., J.P. (Managing Director, Bulwell Finishing Co., Ltd., Nottingham—Representative and Chairman of the Nottingham Branch).

ARTHUR K. DAVIES, Esq. (Managing Director, Bleachers' Association, Ltd., Manchester).

Col. T. W. HARDING, V.D., D.L., J.P. (Representative and Chairman of the Leeds Branch).

T. D. HARRISON, Esq., J.P. (Managing Director, Harrison, McGregor & Co., Ltd., Agricultural Engineers, Leigh, Lancashire; Agricultural Engineers' Association, London).

FRANK A. HOPKINSON, Esq. (Managing Director, J. Hopkinson & Co., Ltd., Engineers, Huddersfield—Representative and Chairman of the Huddersfield Branch).

FRANK MOORE, Esq. (Managing Director, Moore, Eadie & Murcott Goode, Ltd., Hosiery Manufacturers, Leicester—Representative of the Leicester Branch).

B. ORMEROD, Esq. (Secretary, Andrew Knowles & Sons, Ltd., Colliery Proprietors, Manchester).

J. R. ORMEROD, Esq. (Representative of the Liverpool Branch).

J. W. POLLITT, Esq. (Ex-President, Employers' Federation of Bleachers, Printers, Dyers & Finishers (Piece-Goods), Manchester).

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- ROBERT ROWLEY, Esq., J.P. (Managing Director, R. Rowley & Co., Ltd., Hosiery Manufacturers, Leicester; Ex-President, Leicester Chamber of Commerce).
E. J. SMITH, Esq. (Representative and Hon. Sec. of the Birmingham Branch).
S. WIGHAM, Esq. (Secretary, Lancashire, Cheshire & North Wales Building Trades Employers' Federation, Manchester).
Col. W. W. CLAPHAM, V.D., Manchester.
C. SHEPHERD-CROSS, Esq. (Director, Jones Bros., Ltd., Cotton Spinners & Manufacturers, Manchester).

FINANCE COMMITTEE.

Chairman: W. PETER RYLANDS, Esq.
Joint Hon. Treasurers: C. SHEPHERD-CROSS, Esq.,
J. W. POLLITT, Esq.

ORGANISATION COMMITTEE.

Chairman: B. ORMEROD, Esq.
Col. W. W. CLAPHAM, A. K. DAVIES, Esq., FRANK MOORE, Esq.,
J. R. ORMEROD, Esq., and S. WIGHAM, Esq.

BRANCH OFFICES AND OFFICIALS.

BIRMINGHAM: 14, Temple Street—

Chairman: T. H. CHARLES, Esq. Representative on Central Executive Committee, E. J. SMITH, Esq.

HUDDERSFIELD: 9, Imperial Arcade—

Chairman: F. A. HOPKINSON, Esq. Representative on Central Executive Committee, the CHAIRMAN.

LEEDS: Standard Buildings, City Square—

Chairman: Col. W. HARDING, V.D., D.L. Representative on Central Executive Committee, the CHAIRMAN.

LEICESTER: 31, Corridor Chambers—

Chairman: R. ROWLEY, Esq., J.P. Representative on Central Executive Committee, F. MOORE, Esq.

LIVERPOOL: 36, Dale Street—

Chairman: Col. A. L. MACFIE, V.D. Representative on Central Executive Committee, J. R. ORMEROD, Esq.

NOTTINGHAM: Armitage Chambers, Victoria Street—

Chairman: W. H. CAREY, Esq., J.P. Representative on Central Executive Committee, the CHAIRMAN.

STAFFORDSHIRE: Bank Chambers, Wednesbury—

Secretary: A. J. GLOVER, Esq.

Solicitors:

Messrs. SLATER, HEELIS & CO., Princess St., Manchester.

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Auditors:

Messrs. DAVID SMITH, GARNETT & CO., 61, Brown Street, Manchester.

General Secretary:

Mr. JOHN HAWORTH, 15, Cross Street, Manchester.

ASSOCIATIONS ALSO AFFILIATED WITH THE EMPLOYERS' PARLIAMENTARY ASSOCIATION.

Bradford Coal Merchants' & Consumers' Association, Ltd., Bradford.

Bradford Dyers' Association, Ltd., Bradford.

English Sewing Cotton Co., Ltd., Manchester.

English Velvet & Cord Dyers' Association, Ltd., Manchester.

Potters' Federation, Ltd., Glasgow.

Huddersfield & District Yarn Spinners' Association, Huddersfield.

Nottingham Master Case Makers' Assoc., Nottingham.

Lace Curtain Bleaching, Dressing and Finishing Association, Nottingham.

FIFTH ANNUAL REPORT.

For the Year Ending December 31st, 1916.

In submitting the 5th Annual Report, you Central Executive Committee are desirous, in treating upon the various phases of work undertaken by the Association during the past year, of endeavouring to shape to some extent their idea of a National Trade Policy for the future. To formulate any but broad general principles would manifestly be hopeless. To cite general principles to be observed during the possibly quickly forthcoming era of Industrial Reconstruction and to give reasons therefor is probably a work

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which, if adequately fulfilled, may prove of inestimable National benefit. At any rate, it appears to your Central Executive Committee an imperative duty to endeavour to sketch a policy of executive action.

The following are the principal subjects dealt with by the Central Executive Committee during the past year :—

- (a) Industrial Unrest.
- (b) Industry and Finance.
- (c) Alien Indebtedness.
- (d) Scientific Industrial Research.
- (e) Patents.
- (f) Transport Facilities.
- (g) Ministry of Commerce.
- (h) Commission of Investigation : National Insurance Act.
- (i) Federation of British Industries.

INDUSTRIAL UNREST.

The Chief Industrial Commissioner, in 1911, in his report on the working of the Lemieux Act of Canada, said : " The public have no use for strikes or lock-outs." This was an epigrammatic statement of fact in pre-war times, but the aphorism is scarcely sufficiently intense under present circumstances. Under the probable future conditions of strenuous reconstruction after the war, it is, perhaps, not too much to prophesy that if a

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panacea for industrial friction is not discovered, then our position as a nation and as an Empire is in jeopardy. All questions of "Trade after the War," Banking Facilities, Fiscal Reform, and others, are comparatively insignificant, because "Industrial Harmony" alone renders their consideration possible.

Can a solution to Industrial Unrest be found? Your Committee believe that a solution can and will be found, and formulated a policy in the last annual report, which may well be reiterated:—

"That the Central Executive Committee of the Employers' Parliamentary Association, recognising the impossibility of enforcing compulsory arbitration upon large bodies of workers, expresses its strong opposition to the policy of compulsory arbitration, and realising the prejudicial effect of strikes and lock-outs upon the national interests, is earnestly of opinion that the Government should make use of the Industrial Council which it appointed in 1911, and which is equally representative of capital and labour; this Committee is further of opinion that the Government should appoint the Industrial Council as an Industrial Advisory Council, and that when negotiations in a labour dispute affecting large bodies of workpeople have

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reached a deadlock, or in which an important principle is involved, the Board of Trade should publicly invite both bodies to submit their case to the arbitrament of the Industrial Council, the award of such policy being given the fullest possible publicity. This Committee is also of opinion that the refusal of either side to submit its case to such arbitration would afford 'public opinion,' the supreme arbiter of all such disputes, strong presumptive evidence as to the merits of the dispute."

The principles of this policy of dealing with the problem have been advocated by the Garton Foundation in an admirable "Memorandum on the Industrial Situation after the War," published October, 1916, by the Economic and Statistical Section of the British Association for the Advancement of Science, in a report dated August 15th, 1916, and by the Scottish Organisation of Iron, Steel, Engineering, Shipbuilding and Allied Industries, at a meeting held on August 4th, 1916. The necessity for the formation of some body such as the Industrial Council of 1911, on an elective basis, perhaps varying, it may be, in personnel, is becoming recognised as a fundamental part of the machinery for the settlement of industrial disputes; the alternative is State interference. The ex-

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perience of the operation of the Munitions Act is significant. During a time when an overwhelming patriotism in the face of a common danger smothered many fires which would in times of peace have burst into flame—with circumstances favourable to its success, compulsory arbitration has been tried and found lacking. Compulsory arbitration appears to be, however, the alternative to the policy urged by your Committee. It cannot be adopted. One of the underlying causes of industrial disputes is the belief held to some extent by both sides that the interests of employer and employé are antagonistic. It cannot be too much emphasised that their interests are mutual; one cannot exist without the other, and the welfare of the country is dependent upon both.

On September 6th, 1916, at the Trade Union Congress (an organisation representing some 2,850,547 trade unionists, out of a total of 3,987,115 trade unionists in the country), the following resolution was adopted:—

“ In view of the importance of maintaining the trade and commerce of the country in the period immediately following the declaration of peace, when industrial adjustments of all kinds will require to be made, this Congress is of the opinion that every effort should be put forth to pre-

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serve industrial peace, and thereby assist to secure the material prosperity of the nation after the war.

“ That, for the purpose of removing causes of friction likely to lead to industrial disturbance, the Parliamentary Committee is hereby instructed to approach the Government and the Employers’ Parliamentary Association, with the object of discussing terms that will secure the end in view for a period of three years, such terms to include the acceptance of the following proposals :—

- (1) Membership of a Trade Union to be compulsory upon all workers, including clerks.
- (2) Compulsory 48-hour working week in every occupation.
- (3) Compulsory minimum wage of 30/- for all adult workers.
- (4) No reduction of present wages or increase in working hours.
- (5) Complete recognition by Employers of Trade Unions and all agreements entered into between the unions and Employers’ Associations.
- (6) State unemployment pay for men and women out of work.

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- (7) Settlement by the unions of the conditions of women's labour after the war."

The Parliamentary Committee of the Trade Union Congress duly transmitted this resolution to your Committee, and the invitation to discuss the terms of the resolution was accepted. Your President suggested a preliminary conference of three from each side to discuss procedure. It was recognised that although the Employers' Parliamentary Association was the only body on the side of capital at all analogous to that of the Trade Union Congress representing labour, yet the Trade Union Congress represented Labour to a much greater extent than the Employers' Parliamentary Association represented Capital. A preliminary conference was therefore held, Sir Charles W. Macara, Bart., Mr. W. Peter Rylands, and your Secretary representing the Employers' Parliamentary Association, and Messrs. J. Hill (President), G. H. Stuart-Bunning, and C. W. Bowerman, M.P. (Secretary), representing the Parliamentary Committee of the Trade Union Congress. Arrangements were discussed for obtaining, if possible, adequate representation of both sides, with a view to a subsequent conference. The negotiations being *sub judice*, it is manifestly impossible for your Committee to dis-

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cuss the terms of the resolution categorically, or even to deal specifically with any of the proposals set forth. The Committee, however, would venture to make the following observations :—

- (1) Inasmuch as the most representative body of labour in the country has evinced a desire to negotiate with Employers with a view to discussion of the Industrial position after the war, your Committee could not take the responsibility of refusing to accept an invitation to such a discussion.
- (2) Your Committee appreciate their responsibility in this matter, and will take no action unless they are satisfied that they will have the support of the majority of Employers in this country.
- (3) Your Committee, without expressing any opinion one way or another, regard the Trade Union Congress resolution as a whole simply and solely as a basis for discussion, and which was admitted to be the case by the representatives of the Trade Union Congress, and
- (4) Your Committee subscribe to the opinion that Trade Unionism has won an indisputable right to have its opinions heard in any industrial readjustment after the war, and that the

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principal menace to Industrial peace, in the future as in the past, is the un-associated employer and the non-unionist.

The amount assessable to income tax in 1913/1914 was £1,170,000,000, and it may be calculated that the wages earned by persons under the income tax limit was in the neighbourhood of £1,200,000,000. The gross profits assessable to income tax in the same year on account of public companies and firms amounted to some £441,044,404. The net profits, after providing for proper allocation to reserve, extension of enterprise, etc., one might with justice estimate to be about, say, £350,000,000. It needs very little statistical ability to demonstrate that a general advance in wages of 5/- per week would result in most serious consequences. Sir Hugh Bell, speaking at a meeting of the British Association for the Advancement of Science, held in Manchester last year, demonstrated that in the cost of production of every ton of steel made at his works, 70 to 75 per cent. of the cost was labour. Transport absorbed from 15 to 20 per cent., and the remaining 10 per cent. was left for distribution amongst the shareholders and for allocation to reserve. Sir Hugh pointed out that at least 3 per cent. had to be

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left in the business for maintenance, thus leaving from 5 to 7 per cent. for distribution amongst the shareholders. If, therefore, labour is to receive an increased reward, this can only be provided by increased selling prices and/or increased efficiency.

Without State, or Imperial interference, there is no ground for anticipating a higher selling price, and that alternative will doubtless receive the due consideration of producers and of the Government. In any case, however, the most important question is that of increased efficiency, both on the part of employers and of the workers. The solution of this can only be found in co-operation among employers and close understanding and agreement with the workers, and every effort in future should be directed to that end.

INDUSTRY AND FINANCE.

That our past conservative banking methods have served us in good stead during the war, and have proved in many ways the backbone of the Entente Alliance, is beyond question.

Your Committee, however, have felt for some time the need for a slackening of the purse-strings of the bankers for the benefit of British manufacturers. Although our financial system of the past has been tried

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and found trustworthy, yet there is little or no doubt but that the lack of financial support has prejudiced our industrial enterprise in many markets. Sir Henry Birchenough, K.C.M.G., Director of the British South Africa Company, late Board of Trade Commissioner to South Africa, in a lecture delivered on January 26th, 1911, on "South Africa," at Birmingham, said: "German trade has benefited perhaps most of all by a banking system which enables finance to co-operate with industry far more continuously and effectively than in Great Britain. It was solely due to the assistance of the German banks, for instance, that Germany was able to secure the vast orders for the electrical equipment of the Victoria Falls and Transvaal Company, one of the largest electrical installations in the world." This intimate co-operation of German finance and industry can, therefore, supplant us in our own colonial markets. It is, therefore, with no surprise that our consular reports abound with evidence to the same effect.

It was, therefore, with particular pleasure that your Committee learned of the appointment by the Board of Trade, on July 1st, 1916, of a representative committee of bankers and of prominent industrialists, under the Chairmanship of Lord Faringdon,

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“to consider the best means of meeting the needs of British firms after the war as regards financial facilities for trade, principally with reference to the financing of large overseas contracts and to prepare a detailed scheme for that purpose.”

The Committee recommended the formation of a British Trade Bank, of which the chief features should be :—

- (1) It should have a capital of £10,000,000, the first issue to be from £2,500,000 to £5,000,000, upon which in the first instance only a small amount should be paid up, but which should all be called up within a reasonable time. A further issue, to be made afterwards, if possible at a premium.
- (2) It should have a Foreign Exchange Department, where special facilities might be afforded for dealing with bills in foreign currency.
- (3) It should open a Credit Department for the issue of credits to parties at home and abroad.
- (4) It should enter into banking agency arrangements with existing Colonial or British-Foreign Banks wherever they could be concluded upon reasonable terms, and where such arrangements were made, it should undertake

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not to set up for a specified period its own branches or agencies where no British-Foreign Bank of importance exists.

- (5) It should inaugurate an Information Bureau.
- (6) It should not interfere in any business for which existing Banks and Banking Houses now provide facilities.
- (7) Where the Government decides to finance "key" industries, the British Bank should be made the agent for such assistance.

Your Committee, after careful consideration of the report, and of the recommendations, unanimously adopted the following resolution :—

"That this Committee desire to urge upon H.M. Government the extreme desirability of taking immediate steps to establish such a British Trade Bank as recommended by the Departmental Committee, which reported on August 31st last, but venture to express the opinion that considering the extended scope of the very necessary work proposed to be undertaken, a capital of £10,000,000 is inadequate."

Your Committee have endeavoured, and will endeavour to urge upon H.M. Government the absolute necessity of adopting the

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scheme recommended. Their comment in the resolution anent the smallness of the capital is of primary importance. They are convinced that, given adequate Government support, additional capital will be quickly forthcoming. One great virtue of the scheme as recommended is the expressed intention not to interfere with the work of existing banks. It is possible, through this scheme, in the opinion of your Committee, to preserve the financial strength which has served us so well in the present crisis, and at the same time to secure Industrial and Financial co-operation, to the advancement of both.

An illustration of the *modus operandi* of the German Trade Banks may be useful as revealing the potentialities of the British Trade Bank. If a German manufacturer of, say, textile machinery, wishes to trade with Russia, his wishes could be carried out with ease and dispatch. His course would be to go to his local bank, which, through its Russian Branch, would furnish him with particulars of similar machinery imported, the cost of the same, the prospects of the particular trade for which he proposes to cater, the methods of management, and, indeed, all technical data necessary to enable him to arrive at a sound judgment as to whether the venture was worth making. If, after due

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consideration, the manufacturer decided to undertake the enterprise, the bank would introduce him to reliable agents, would place him in touch with financially sound prospective customers, and would exercise a benevolent supervisory function over his trade. The bank would, moreover, finance his business if necessary, and would collect his accounts. Necessarily there are disadvantages in connexion with this class of trading; the advantages, in the opinion of your Committee, outweigh them. The bed-rock fact remains that long credit transactions are only possible with accurate local knowledge of trade in foreign countries. If increased trade with Russia, Italy, South America, and other countries is desired, long credits are necessary. Under the present system they are impossible. The proposed British Trade Bank, if quickly established, will supply the need.

ALIEN INDEBTEDNESS.

Your Committee have, since the outbreak of the war, as will be remembered, persistently urged upon H.M. Government the necessity of safeguarding the interests of British creditors of alien enemies in respect of book debts. That no definite promise has been given by the Government to deal with the subject in the manner suggested by the

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Association, is scarcely surprising in that the policy to be adopted by the Government is contingent upon the Entente winning the war. The war has not yet been won, and hence your Committee are not inclined to view their work in this connexion with any degree of disappointment. They are, indeed, confident that their efforts during the past and previous year will be regarded by members with approval, and that the result of those efforts will be satisfactory to those traders on whose behalf they are made.

This subject, it may be remembered, was fully treated on in the last annual report, and members have been fully advised of the action the Association has taken during the year.

The Trading with the Enemy Amendment Act, 1916, introduced by Sir Geo. Cave, K.C., M.P., at that time the Solicitor-General, early in the year, was viewed with a very considerable measure of approval by your Committee. Under the terms of that measure the Board of Trade were granted powers to wind up businesses carried on by enemies or with enemy associations. The surplus assets of such businesses were to be handed over to the Public Trustee, as Public Custodian. Furthermore, if the Board of Trade considered it was in the public interest

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that an enemy business should be carried on, or that a company had a number of its shares held by enemies, they might make an order vesting the business or the shares in the Public Custodian, to be sold by him to British subjects. (It may be incidentally mentioned that since April, 1916, the Board of Trade have made 223 such orders. The Public Trustee has completed 117 transactions, 101 are in process of being dealt with, and 5 are held up pending the Board of Trade's directions). It seemed to your Committee that the passage of this measure would have the effect of placing a considerable sum in cash in the hands of the Public Trustee, and on March 30th the following resolution was unanimously adopted:—

“ That this Committee, viewing with approval the passing of the Trading with the Enemy Amendment Act, 1916, desire to reiterate the view that in respect of simple trade debts the Government should at once devise machinery whereby on the cessation of hostilities the British Government should be in a position to investigate all claims of British Traders, and, if satisfied as to their validity, discharge the debt, full opportunity being given to the alien enemy to contest the claim in the British Courts, the British Government being fully indemni-

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fied by the enemy Governments on behalf of the sums so expended.”

Your Committee further appointed a sub-committee, with plenary powers, to make every effort to secure the carrying into effect of the terms of the resolution.

On April 5th a deputation consisting of representatives from Bradford, Leicester, London, Nottingham, and your Secretary, waited upon the Commercial Committee of the House of Commons and presented the policy of the Association with respect to this question. A sub-committee of the Commercial Committee, consisting of Messrs. E. T. John, M.P., E. Pryce-Jones, M.P., and S. Roberts, M.P., was appointed to discuss procedure with the members of the deputation. The President of the Board of Trade, on being approached, adopted a *non possumus* attitude, and in a written reply stated that :—
“ As at present advised I am not prepared to treat as “confiscated property, trade debts which have not been cancelled by legislative enactment.” Your Committee thereupon set forth their views upon the subject in a manifesto, and have asked for the support of members of Parliament, Chambers of Commerce, and prominent individuals, to the draft Bill formulated by your Committee in June of last year. (A list of unconditional sup-

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porters of this measure and the draft Bill will be found attached to this report). A substantial measure of support being forthcoming, your Committee are, with the assistance of the Right Hon. John Hodge, M.P., Sir J. S. Harmood-Banner, M.P., Messrs. Leslie Scott, K.C., M.P., P. Wilson Raffan, M.P., and C. T. Needham, M.P., to convene a mass meeting of supporters of the policy of the Association with a view to finally placing the safeguarding of the interests of British creditors of Alien enemies by H.M. Government beyond doubt.

The Public Trustee, speaking in London on December 7th, is reported to have said that:—"They might rest assured that none of it (the cash held on account of enemy businesses disposed of by him, under the provisions of the Trading with the Enemy Amendment Act, 1916), would find its way into enemy countries, if the powers here, and the Custodian, could prevent it."

Your Committee submit that the policy formulated by them could be adopted by the Government with a minimum of dislocation; the leaving of the solution of the problem to legal process will mean considerable worry and financial loss, and they are confident that, although no definite promise has been given, the work done will not be barren of result.

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Report of the Sub-Committee of the Advisory Committee to the Board of Trade on Commercial Intelligence with respect to the measures for securing the position after the war of certain branches of British industry. (Cd. 8181).

Your Committee have had under detailed consideration, from time to time, schemes for the improvement of industrial conditions. The comprehensive report referred to deservedly attracted widespread and generally favourable comment in the press at the time of its issue on January 28th of this year.

SCIENTIFIC INDUSTRIAL RESEARCH.

The recommendations of the report of the Advisory Committee under this head might be summarised as follows—

- (a) That larger funds should be placed at the disposal of the new Committee of the Privy Council, and also of the Board of Education, for the promotion of scientific and industrial research and training;
- (b) That the Universities should be encouraged to assist neighbouring manufacturers, either through trade or other associations, in research work.
- (c) That an authoritative record of research authorities should be established,

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under Governmental supervision, for the use of manufacturers only.

It may be remembered that the last annual report treated at some length on the work of the Association in connexion with securing the establishment of a Committee on the lines referred to in Clause (a) of the Committee's recommendations. Your Committee cordially endorse the recommendations of the Committee as to Clause (a). Whilst generally approving of the other recommendations, your Committee desire to lay particular stress upon (1) the necessity of perhaps the most vital of the whole of the three recommendations, increasing the number of chemists trained in research work, and (2) the necessity of making special efforts to enlist the co-operation of manufacturers who hitherto have been lamentably apathetic in this matter.

Your Committee have no hesitation in stating that Clause (b) is perhaps the most vital of the whole of the three recommendations. Manufacturers are apathetic with regard to this subject because they are unorganised, and although consultant scientists, chemists, physicists, and engineers exist in this country in sufficient numbers, their talents are largely neglected. This country suffers, has suffered, and may in the future suffer, because of the lack of intimate intercommunica-

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tion between Science and Industry. Science and Industry are welded together in the United States and in Germany to form a mighty weapon for the advancement of the commerce of their respective States. That the United Kingdom lacks this weapon is due perhaps in the main to the unassociated employer. Your Committee wish to emphasise particularly the recommendation of the "Advisory Committee" that help be given to the manufacturer *through his association*.

PATENTS.

The "Advisory Committee" recommended uniformity of Patent Law throughout the Empire, more strict enforcement of the law with regard to compulsory working of patents in the United Kingdom, and that the fullest possible information of enemy patents should be given to British firms during the war.

Your Committee have no hesitation in endorsing these recommendations. They have been advocated persistently by this Association, and are, in the opinion of your Committee, of great importance. There is, however, one matter with regard to "patents" to which it is desired that the attention of members should be particularly called. The subject of a patent must (1) be a manufacture, (2) possess novelty, and (3) possess utility.

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Your Committee are of opinion that greater precautions should be taken to avoid the grant of "Letters Patent" in cases lacking evidence of novelty and utility than appear at the present time. Patents are granted exclusively for the purpose of stimulating the inventive spirit for the benefit of industry and of the general community. It is difficult to see how patents granted for all kinds of trumpery articles can be other than mere instruments of advertisement of minor wares, and consequently, from a national point of view, absolutely useless. This prostitution of "Letters Patent" involves waste of the time of the officials at the Patent Office, and may act detrimentally in contributing to carelessness in the question of "priority" in respect of really important inventions.

TRANSPORT FACILITIES.

Your Committee cordially approve of the recommendations of the report that :—

- (a) An impartial committee shall be set up to secure fair and impartial treatment to British Traders by British Shipping Companies, Shipowners, and Home Railways;
- (b) That a definite policy with regard to the improvement and extension of the canal system of the United Kingdom should be formulated;

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- (c) That Shipping Companies should be prohibited from charging higher rates of freight from British ports than from any North European ports.

Your Committee have, as will be remembered, expressed their agreement with Clauses (b) and (c), and desire to urge upon members most strongly the desirability of supporting these recommendations, wherever opportunity serves.

It seems to your Committee that one practical method of dealing with part of this subject would be :—

“ That railway companies be compelled to divide up and enter in their rate books all through rates on imported goods, so that the actual rates in respect of the inland carriage should be known.”

Your Committee contend that were this condition enforced, the publicity thereby afforded would in due course prevent preferential rates being given to imported goods. Goods in pre-war times shipped from Hamburg *via* Harwich to Bath or Dublin, were carried at a lower rate than goods sent from London to these towns, and similar anomalies might be quoted showing the unfair handicaps under which British Traders laboured with respect to the rates charged on the Home Railways.

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MINISTRY OF COMMERCE.

Your Committee are strongly in favour of a Ministry of Commerce, composed of men of whom a certain number should be actually representative of commerce, and acquainted with its practical working difficulties and requirements, and would stipulate that the prime duty of such Ministry of Commerce would be to champion its cause against any other department which seeks to impose restrictive conditions.

COMMISSION OF INVESTIGATION.

NATIONAL INSURANCE ACT.

In January, 1916, the Lords of the Treasury appointed a Departmental Committee "to consider and report upon any amendments in the financial scheme of the National Insurance Acts which experience of the administration of Sickness, Disablement, and Maternity Benefits may suggest as desirable, within the existing limits of contributions and benefits, before the completion of any valuations of Approved Societies; and, further, to consider how far the work of Approved Societies could be simplified, and its cost reduced without detriment to the interests of insured persons, by amendment of the Acts and Regulations; and to make recommendations thereon."

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Under the terms of the National Insurance Act, 1911, it is enacted that a valuation of Approved Societies should take place after three years, or at longer or shorter periods, according to the discretion of the Commissioners. Any Society which, as a result of that valuation, is demonstrated to be in deficiency, that is, whose contributions of 7d. and 6d. per week are insufficient to pay the benefits provided under the National Insurance Act, is expressly allowed under the Act to make either a levy on its members, increasing the contributions, or alternatively of decreasing the benefits. On the other hand, a society which, by good management, or by the happy possession of a segregation of "good lives," is able to show, as the result of that valuation, that the contributions of 7d. and 6d. per week are more than sufficient to meet its liabilities to benefit, is allowed to use its surplus in the payment of certain additional benefits to its members. It will be seen, therefore, that until a first valuation takes place, the financial soundness or otherwise of the National Insurance Act cannot be determined with exactitude. Your Committee have been of opinion that the results of a first valuation will demonstrate the inherent financial unsoundness of the whole structure of the National Insurance Act, and the interim report of the Depart-

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mental Committee confirms them in their view. The National Insurance Act bristles with technicalities, and in order that the attitude and policy of your Committee may be made clear, a brief review of the provisions of the original Act of 1911 is necessary.

The Insurance Act is a compulsory measure whose terms are applicable to persons between the ages of 16 and 70.

The administration of the Act is mainly shared between Approved Societies and Insurance Committees, under the "ægis" of Insurance Commissioners. All insured persons are members of Approved Societies, except those who, for various reasons, elected to come under the scheme as "deposit" contributors, or who have been refused admission to membership of an Approved Society. Members of Approved Societies are entitled to :—

- (1) Sickness benefit for 26 weeks, at 10/- per week for men, and 7/6 per week for women.
- (2) Disablement benefit at 5/- per week for men and women alike.
- (3) Maternity benefit of 30/-.
- (4) Medical benefit.
- (5) Sanatorium benefit.

Members of the Post Office Fund (deposit contributors) are entitled to sanatorium bene-
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fit and medical benefit only, and to the other benefits only so far as the amount credited to them in the Post Office Fund. The position of the Deposit Contributor is, therefore, a most invidious one; he is expressly debarred from participating in the maximum benefits procurable under the Act, and as an isolated unit, is unable to "cut his losses" by averaging out with his fellow deposit contributors. In order to appreciate the financial structure of the Act, one might with advantage consider the position of a private Insurance Company which had elected to receive the same premiums from the insured (7d. and 6d. per week respectively), and to pay the same benefits. Such a company would have had to possess a capital of at least £66,000,000 in order to be in an actuarially sound position as regards its ability to meet its liabilities. The National Insurance Act, not being possessed of an initial reserve of £66,000,000, created a system of paper credits in respect of each person, aggregating some £66,000,000, representing the probable liabilities in respect of those persons.

Under the National Insurance Act, 1911, it was enacted that a Sinking Fund be created by the deduction of 15-9d. per week from each man's contribution of 7d. per week, and 1½d. out of the women's contribution of 6d. per

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week and that these deductions should be credited to the "sinking fund," which, in 1932, it was estimated would amount to some £66,000,000, and would thus wipe out these paper credits. The £4,500,000 per annum now hypothecated to the "sinking fund" would then be devoted to the provision of benefits over and above the present benefits. This was one of the main planks in the platform of the advocates of the Act. When the rare and refreshing fruit matured in 1932, then, and only then, would the full blessings of this inspired enactment be forthcoming.

After the foregoing *resumé* of the Act of 1911, the interim report of the Departmental Committee may be considered. It may be stated in advance, however, that if their recommendations are adopted, the promised crop of good things in 1932 will not be garnered. The interim report recommends the reduction of the contributions to the "sinking fund" to 1d. and $\frac{3}{4}$ d. respectively, utilising the 5-9d. and $\frac{3}{4}$ d. so saved to bolster up the present measure against the probably devastating effect of the result of a first valuation. The money released is possibly sufficient to stave off wholesale dislocation subsequent to the disclosure of a first valuation. It has been estimated that societies representing some 5,000,000 insured are in a state of defi-

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ciency. Every person under the present Act has a right to transfer from one society to another. If, therefore, any person found himself obliged to pay an enhanced contribution, or to suffer a reduced rate of benefit, it is reasonable to suppose that, having the right of free transfer, he would endeavour to transfer to a society enjoying a surplus, even though his liability to an enhanced contribution or to reduced benefits followed him thither. Everybody is naturally disinclined to pour water into a flower pot. Every society can, however, refuse membership to applicants. What would probably result—assuming there was no departure from the promises made in the promotion of the National Insurance Act, 1911, or from the provisions of that measure—would be that, as a result of first valuation, there would be perhaps some 5,000,000 or more insured persons crying for the fulfilment of the promises which so lavishly heralded the inception of the measure. To guard against this danger, the Departmental Committee have introduced buffers. They have recommended measures which will rob the well-to-do Peters to save the impoverished Pauls. They have recommended an increased difficulty of transfer. They have recommended the deferment of the payment of maximum benefits for an

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additional period of 20 years, thus flagrantly violating the contract entered into with the insured. They have recommended the sacrifice of promises and principles. To do what? *To save the National Insurance Act in its present form.* Your Committee feel justified in denouncing these recommendations, in that legislative sanction to them would mean the application of palliatives to remedy defects which are inherent and fundamental in a scheme which has for its object the alleviation of sickness. In a nutshell, the recommendations, if adopted by the legislature, will be the salvation of the hierarchy of officialdom, and the violation of the right of the insured.

The Faculty of Insurance, an organisation representing officials connected with the administration of the National Insurance Act, feeling that enough experience had been gained of the working of the measure, and being of opinion that the terms of reference to the Departmental Committee to confine themselves "within the existing limits of contributions and benefits, and apart from further exchequer grants," were unduly restrictive, appointed a Commission of Investigation to consider, *inter alia* :—

- (a) The interim report of the Departmental Committee on Approved Society Finance and Administration.

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(b) To review the whole position of National Health Insurance.

THE COMMITTEE OF INVESTIGATION.

This Commission of Investigation consists of :—

Right Hon. JOHN HODGE, M.P. (Chairman).

Alderman F. ASKEW, J.P. (Secretary),
United Ancient Order of Druids,
Vice-President National Conference
Friendly Societies).

W. S. BENNETT, Esq. (Past President,
National Conference Friendly Socie-
ties; Secretary, Ancient Order of
Foresters' Guarantee Fund).

WALTER COLLINS, Esq. (Past Grand
Master United Oddfellows).

F. HANDEL BOOTH, Esq., M.P.

G. W. BARNES, Esq. (Hearts of Oak
Benefit Society).

G. W. CURRIE, Esq., M.P., C.A.

G. FLETCHER, Esq. (Secretary, Great Wes-
tern Railway Friendly Society).

Mrs. CYRIL GRANT (Women's Social and
Political Union).

FRANK G. HARRIS, Esq. (Chairman, Joint
Committee of Approved Societies).

JOHN HAWORTH, Esq. (Secretary, Em-
ployers' Parliamentary Association).

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H. LESSER, Esq. (President Federation of Employers' Provident Funds, Secretary South Metropolitan Gas Company's Approved Society).

E. B. NATHAN, Esq., F.I.A., F.F.A.

J. W. PRATT, Esq., M.P.

R. E. PROTHEROE, Esq., M.P.

Sir J. D. REES, K.C.I.E., C.V.O., M.P.

Sir JOHN SPEAR, M.P.

Mrs. ROBIE UNIACKE (National Union of Women's Suffrage Societies).

Your President—on account of the opposition campaign he led, both on the inception of the measure and after its passage into law—was invited to join this Commission, but was compelled, owing to pressure of engagements, to decline, but recommended the appointment of the Secretary, to whom an invitation was subsequently extended. It is, of course, impossible to forecast the report of the Commission. There have been some 34 sittings of the Commission, involving the examination of 69 witnesses. The witnesses examined have embraced representatives of Employers, of Approved Societies, of Doctors, Trade Unions, and, in fact, have practically covered the whole field of National Health Insurance.

It may safely be stated, however, that your Committee are firmly of opinion that their
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past criticisms of the National Insurance Act have been justified up to the hilt. The National Insurance Act of 1911 requires a drastic remodelling to make it a satisfactory instrument for dealing with National Health Insurance. They are firmly convinced that the incidence of taxation of the National Insurance Scheme will have to be more equitable. The Employer cannot be mulcted with practically the whole cost (other than the workpeople's contributions) of National Health Insurance. The argument that the cost of the employers' contributions can in all cases be passed on to the consumer is futile.

The dead-weight charge of National Health Insurance acts to the detriment of the spirit of enterprise. Additional burdens mean the weakening of our competitive strength. Enhanced costs of production means precariousness of employment, and consequently increased sickness.

Your Committee are heartily in favour of the principles of National Insurance. They realise that the cost of National Insurance (if the past experience of Germany is any guide) must be ever increasing, but this cost shall be shared equitably by all classes, as they are convinced that only in this way will a scheme be evolved sufficiently elastic to meet the

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necessarily increasing demand made upon it. There is a unique opportunity at the present time for evolving the machinery of a scheme to be placed in operation after the war of securing the co-operation of Employer and Employed in its administration. The present scheme is regarded with disfavour by Employers. Without their co-operation no scheme can flourish. The present scheme is unsound. The opportunity of making a remodelled scheme dovetail in with the other measures of social reform, wherein Employer and Employed harmoniously co-operate, is unique.

FEDERATION OF BRITISH INDUSTRIES AND THE EMPLOYERS' PARLIAMENTARY ASSOCIATION.

It will be remembered that the Employers' Parliamentary Association, at the end of last year, initiated a movement which had for its object the formation of a Central Association of Employers' Organisations. This movement attained a very considerable measure of success. It was found, however, that there were two other movements which had been set on foot with the same object in view, viz., the formation of a centralised organisation of Employers, which would be able to voice the opinions of Employers as a whole.

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The conveners of the Central Association of Employers' Organisations came to the conclusion that anything in the nature of competition between the three movements, having the same object, was to be avoided if at all possible. Each had the same object in view, and the generation of antagonism was likely to result in the efforts of each being nullified.

The three movements of Employers decided, therefore, to join forces, and collectively, instead of separately, work for the attainment of the common object.

The result was the formation of the Federation of British Industries in the early part of last autumn. The movement has secured widespread support, and the 43 Trade Associations already members include the most important in the country, notably the Cotton, Iron and Steel, and Electrical Industries.

Under the terms of membership only British producing firms and associations are eligible, and the subscription of £100 per annum insures ample funds. While individual firms are eligible for membership, and, indeed, over 200 have already joined, the Federation is essentially a Federation of Associations, and it is appreciated that to some of the smaller Associations the rate of subscription would be a consideration, while

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the large number of unassociated firms might fail to be represented at all. Your Committee discussed this aspect of the question with a deputation from the Federation of British Industries, and both appreciated the vital importance of the point. It was thought that a satisfactory solution would be afforded by the affiliation of the Employers' Parliamentary Association with the Federation. By this means the Federation would be strengthened by the great influence enjoyed by the Employers' Parliamentary Association and the support of its wide range of members, while the work of the Employers' Parliamentary Association would be increased in effectiveness by its association with the new powerful organisation. Your Committee, after several meetings with the representatives of the Federation of British Industries, thoroughly discussed the question in all its aspects, and the following resolution has been adopted by the Executive Committees of both organisations:—

(1) "It is agreed that it is advisable the Employers' Parliamentary Association shall affiliate with the Federation of British Industries.

(2) "The Federation of British Industries to take over as a going concern the organisation, membership, income, and obli-

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gations of the Employers' Parliamentary Association.

(3) "Employers' Parliamentary Association Branches of the Federation of British Industries to be established in the four chief centres of the Employers' Parliamentary Association.

(4) "Employers' Parliamentary Association members and the larger individual members to become direct members of the Federation of British Industries."

This resolution, together with a detailed scheme of working, it is hoped to submit to the forthcoming Annual General Meeting of members.

Under the arrangement now proposed the District Branches of the Employers' Parliamentary Association will act as the centre of district opinion for the guidance of the Federation, and the membership of the branches will consist of the subscribing members of the Employers' Parliamentary Association, together with the members of the Federation carrying on business in the respective districts, who will be *ex-officio* members of the branch.

While, therefore, the Committee will urge all the more important members of the Employers' Parliamentary Association to join

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the Federation, and so be actual members of both organisations, all manufacturers in the country will continue as members, or eligible for membership, of the Employers' Parliamentary Association upon the same terms as at present, and so be able to bring their influence to bear in shaping the policy both of the Employers' Parliamentary Association and of the Federation of British Industries.

Your Committee confidently invite the members to confirm the proposed arrangement with the Federation, a course which the Committee only recommend after long and anxious consideration, in the belief that the close co-operation of two such organisations as the Employers' Parliamentary Association and the Federation of British Industries should result in the consummation, so long sought and advocated by your Committee, of a complete and truly national Association of Employers.

The Central Executive Committee greatly regret that Sir Charles Macara, not being in accord with the terms of the arrangement outlined above, which he considers as being at variance with his experience of a quarter of a century's successful national and international trade organisation, has decided to retire from the position of President of the Employers' Parliamentary Association, which

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he has occupied since the inauguration of the Association five years ago. Sir Charles contends that a satisfactory affiliation between two organisations so dissimilarly constituted is, in his opinion, impracticable, although co-operation is quite feasible. These views have been put before the Executive Committee, and are recorded in the minutes.

At the commencement of the war, Sir Charles offered his services to any of the Government departments in which his experience might be useful, the result being that he had been involved in personal work of a most arduous character. In presiding at the last annual meeting he referred to his position, and foreshadowed the possibility of his not being able to continue the presidency. The Central Executive Committee are pleased to know, however, that notwithstanding his retirement from his official position, Sir Charles is willing, as long as he retains his full vigour, to assist whenever and wherever possible in any way in which his extensive experience may be of service.

THE INDUSTRIAL OUTLOOK.

In conclusion, your Committee would venture to sound an optimistic note as regards the future. It cannot be forgotten that great

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wars in the past have often heralded the dawn of a period of Industrial and Commercial prosperity. The American Civil War was followed by an unprecedented rise to industrial eminence of that country. The war of 1870/71 has been utilised by Germany as a stepping-stone to a great industrial position. Signs are not wanting that an Industrial regenerative spirit is operative in more than one of the Allied belligerents. Russia, unprogressive, despotic, reactionary, before the war, has by her proclamation concerning Poland, by the great work accomplished by the Zemstvos under the ægis of the Government, by her strong internal measures relative to the vodka traffic, afforded unmistakable evidence of forthcoming democratic commercial strength. France is not the France of pre-war times, and Italy promises renewed vigour. The British Empire has raised an army on a Continental scale, the energising influence of the Ministry of Munitions has revealed her industrial power, old methods have been scrapped, and our productivity has attained almost incredible dimensions. The output of industries other than munitions has been sustained in a way little short of marvellous, considering that the most vigorous of our manhood has been withdrawn for the recruitment of the defensive forces of the

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Crown. Your Committee are confident that peace will offer great opportunities for Industrial and Commercial advancement for the Empire. The resources of the Empire are unrivalled. The cessation of hostilities will, and must, bring about the more thorough development of these resources. There must be no narrow, insular view taken of the future. This country must think in terms of Empire, and not of the United Kingdom. Our over-seas possessions are ready to act with us in peace, as they have supported us so nobly during war. Your Committee, in making these observations, preserve a neutral attitude with respect to past fiscal controversies; they desire only to reiterate their oft-repeated assertion that the only way to secure the consummation of these ideals is to organise the producers as a whole.

On behalf of the Central Executive Committee,

CHARLES W. MACARA,
President.

W. PETER RYLANDS,
*Vice-Chairman, Central
Executive Committee.*

JOHN HAWORTH,
General Secretary.

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MEMBERSHIP OF THE INDUSTRIAL COUNCIL APPOINTED BY THE GOVERNMENT IN 1911.

EMPLOYERS' REPRESENTATIVES.

- Mr. George Ainsworth : Chairman of the Steel Ingot Makers' Association.
- Sir Hugh Bell, Bt., J.P. : President of the Iron, Steel and Allied Trades Federation and Chairman of the Cleveland Mine Owners' Association.
- Sir G. H. Claughton, Bt., J.P. : Chairman of the London and North-Western Railway Company.
- Mr. W. A. Clowes : Chairman of the London Master Printers' Association.
- Mr. J. H. C. Crockett : President of the Incorporated Federated Associations of Boot and Shoe Manufacturers of Great Britain and Ireland.
- Mr. F. L. Davis, J.P. : Chairman of the South Wales Coal Conciliation Board.
- Mr. T. L. Devitt : Chairman of the Shipping Federation, Limited.
- Sir Thomas R. Ratcliffe Ellis : Secretary of the Lancashire and Cheshire Coal Owners' Association and Joint Secretary of the Board of Conciliation of the Coal Trade of the Federated Districts, etc.

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Mr. F. W. Gibbins : Chairman of the Welsh Plate and Sheet Manufacturers' Association.

Sir Charles W. Macara, Bt., J.P. : President of the Federation of Master Cotton Spinners' Associations.

Mr. Robert Thompson, J.P., M.P. : Past President of the Ulster Flax Spinners' Association.

Mr. Alexander Siemens : Chairman of the Executive Board of the Engineering Employers' Federation.

Mr. J. W. White : President of the National Building Trades Employers' Federation.

WORKMEN'S REPRESENTATIVES.

Right Hon. Thomas Burt, M.P. : General Secretary of the Northumberland Miners' Mutual Confident Association.

Mr. T. Ashton, J.P. : Secretary of the Miners' Federation of Great Britain and General Secretary of the Lancashire and Cheshire Miners' Federation.

Mr. C. W. Bowerman, M.P. : Secretary of the Parliamentary Committee of the Trades Union Congress and President of the Printing and Kindred Trades Federation of the United Kingdom.

Mr. F. Chandler, J.P. : General Secretary of the Amalgamated Society of Carpenters and Joiners.

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Mr. J. R. Clynes, J.P., M.P.: Organising Secretary of the National Union of Gasworkers and General Labourers of Great Britain and Ireland.

Mr. H. Gosling: President of the National Transport Workers' Federation and General Secretary of the Amalgamated Society of Watermen, Lightermen, and Watchmen of River Thames.

Right Hon. Arthur Henderson, M.P.: Friendly Society of Iron Founders.

Mr. John Hodge, M.P.: General Secretary of the British Steel Smelters, Mill Iron, and Tinplate Workers' Amalgamated Association.

Mr. W. Mosses: General Secretary of the Federation of Engineering and Shipbuilding Trades and of the United Pattern-makers' Association,

Mr. W. Mullin, J.P.: President of the United Textile Factory Workers' Association and General Secretary of the Amalgamated Association of Card and Blowing Room Operatives.

Mr. E. L. Poulton: General Secretary of the National Union of Boot and Shoe Operatives.

Mr. Alexander Wilkie, J.P., M.P.: Secretary of the Shipyard Standing Committee under the National Agreement of 1909 and

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General Secretary of the Shipconstructive and Shipwrights' Society.

Mr. J. E. Williams : General Secretary of the Amalgamated Society of Railway Servants.

The members of the Council will in the first instance hold office for one year.

Sir George Askwith, K.C.B., K.C., the present Comptroller-General of the Labour Department of the Board of Trade, has been appointed to be Chairman of the Industrial Council with the title of Chief Industrial Commissioner, and Mr. H. J. Wilson, of the Board of Trade, to be Registrar of the Council.

DRAFT BILL OF THE ASSOCIATION ON THE SUBJECT OF ALIEN INDEBTEDNESS, TOGETHER WITH A LIST OF SUPPORTERS.

Be it enacted by the King's Most Excellent Majesty by and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled and by the authority of the same as follows :

- I. (1) From and after the passing of this Act any British Subject having a claim to which this section applies against an enemy (hereinafter called the enemy debtor) may make an

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application to the Court to adjudicate on such claim in accordance with the provisions of this Act.

- (2) Notice to such application shall be served on the custodian of enemy property appointed under the Trading with the Enemy Amendment Act 1916 (hereinafter called the custodian) who shall be entitled to be heard thereon.
- (3) If on any such application the Court is of opinion that the adjudication on such claim should be postponed in order that the enemy debtor may have an opportunity of being heard the Court may make an order for service of notice of the application on the enemy debtor by means of advertisement or otherwise and on that order being complied with, the Court may proceed to hear the application.
- (4) After having heard the application, the Court may either
 - (a) dismiss the same or
 - (b) make an order (hereinafter called the adjudication order) adjudicating that) the enemy debtor is indebted to the applicant in a sum to be stated in such order.

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- (5) Where in the hearing of any such application it appears not to be practicable to obtain the best evidence of any transaction matter or document material to the case the Court may admit such other evidence thereof as appears proper in the circumstances.
- (6) Where for the purposes of an adjudication under this section it becomes necessary to convert a sum stated in foreign currency to a sum stated in sterling the rates of conversion specified in the schedule to this Act shall apply.*
- (7) The Court shall have power in any case where an application is wholly or in part successful to add to the sum stated in the adjudication order such sum in respect of the costs of the proceedings and of the costs of any other proceedings in respect of the same claim which may have been commenced either in England or elsewhere and either before or after the outbreak of war (the amount of such costs to be fixed by the Court or ascertained by taxation or otherwise) as the Court may consider just.

* N.B. The Schedule to which reference is made in clause 6, of the Bill, provides for the rate of Exchange being considered as at par.

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- (8) The Lord Chancellor may make such rules and give such directions as he thinks fit for the purpose of giving effect to this Act and regulating the procedure thereunder.
 - (9) The powers given under this Act shall be in addition to and not in derogation of any other powers of any Court.
 - (10) This section applies to claims which had arisen prior to the outbreak of war and to claims arising out of transactions entered into prior to the outbreak of war.
2. (1) On proof being furnished to the satisfaction of the Court by which an adjudication order has been made that there is no reasonable probability of the applicant being able without commencing or prosecuting or further prosecuting legal proceedings in any enemy country to recover in full the sum stated in such adjudication order and any sum added thereto in respect of costs the Court shall make a further order (which may be made simultaneously with the adjudication order or at any time thereafter) authorising the payment by the custodian of such sums or

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such part thereof as the Court shall be satisfied that the applicant is not able to recover without commencing or prosecuting such legal proceedings as aforesaid and on such further order (hereinafter called the payment order) being lodged with the custodian the amount specified therein shall be paid by the custodian to the applicant.

- (2) The custodian shall keep a register of all applications notice whereof shall be served on him under this Act and of all adjudication orders and payment orders made under this Act and such register shall be open to public inspection at all reasonable times free of charge.
- (3) The making of a payment order shall operate as a discharge either wholly or *pro tanto* as the case may be of the claim upon which the relative adjudication order was made but subject to this provision nothing in this Act shall effect the operation of any remedy of any creditor of any enemy.

3. FOR the purposes of this Act
 - (a) the expression "enemy country" means the territory which at the

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date of the passing of this Act is the territory of any sovereign or state at war with His Majesty during the late war.

(b) the expression "enemy" includes

(i) persons or bodies of persons of whatever nationality resident or carrying on business in an enemy country at the outbreak of war.

(ii) persons or bodies of persons who are subjects of any sovereign or state at war with His Majesty and who at the outbreak of war resided or carried on business in England but have since ceased so to do.

(c) the expression "outbreak of war" shall as respects any enemy be construed as referring to the outbreak of war with an enemy country in which the enemy is or was resident or carrying on business or incorporated or with the sovereign or state of which the enemy is a subject.

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(d) the expression "British subject" includes a corporation incorporated in His Majesty's dominions.

4. THIS Act may be cited as the Claims against Enemies Act 191.

(1) To support the policy of the Association.

MEMBERS OF PARLIAMENT.

BARLOW, C. M.	HOPE, JOHN D.
BARRIE, H. T.	HUDSON, Walter.
BATHURST, Capt. CHARLES.	HUNT, Major ROLAND.
BETHEL, Sir J. H., Bart.	JACOBSEN, T. O.
BENTINCK, Lord HY.	JARDINE, H.
BIRD, A. F.	JESSEL, Col. H. M.
BLACK, Sir ARTHUR WILLIAM.	KENYON, BARNET.
BOWDON, Major HARLAND.	LEVY, Sir MAURICE, Bart.
BOYTON, J.	MALLALIEU, F. W.
BULL, Sir WM. JAMES.	MANFIELD, H.
BYLES, Sir W. P.	MARSHALL, A. M.
CAVENDISH-BENTINCK, Lord	NEEDHAM, C. T.
HENRY, Lieut.-Col.	PENNEFATHER, de F.
CHAPPLE, Dr. W. A.	PETO, BASIL E.
CORY, Sir C. J., Bart.	PRYCE-JONES, Col. E.
CROFT, HY. PAGE.	RAFFAN, P. WILSON.
DAVIES, Sir W. H.	RAWSON, Col. R. H.
DUNCAN, Sir J. HASTINGS.	REES, Sir J. D., K.C.I.E.,
ESSLEMONT, G. B.	C.V.O.
FETHERSTONHAUGH, G.	RENDALL, A.
FIELD, J. H.	RUTHERFORD, Col. Sir JOHN,
FOSTER, P. S.	Bart.
GANZONI, Capt. F. J. C.	RUTHERFORD, WM. WATSON.
HAMERSLEY, Lt.-Col. A. St. G.	SCOTT, L.
HAMILTON, Lord CLAUD.	TOOTILL, ROBERT.
HAMILTON, Major C. G. O.	WARDLE, GEO. J.
HANCOCK, JNO. GEO.	WATT, H. A.
HARMOOD-BANNER, Sir J. S.	WHYTE, Lt.-Col. G. DALYRMPL
HIBBERT, Sir HENRY F.	WILSON, LESLIE.
HIGHAM, J. S.	WILSON, W. T.
HODGE, JOHN.	WILKIE, A.
HOPE, HENRY.	YEO, A. W.

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CHAMBERS OF COMMERCE.

Aberdeen, Birmingham, Bristol, Bury, Coventry, Croydon, Dewsbury, Dudley, Dundee, Dunfermline, Ealing, Edinburgh, Exeter, Hartlepoons, Kidderminster, Luton, Newcastle, Nottingham, Oldham, Ossett, Plymouth, Portsmouth, Reading, Redruth, Wolverhampton, Woolwich, Worcester, and Yeadon, Guiseley and District.

EMPLOYERS' ASSOCIATIONS.

Employers' Parliamentary Association (embracing 40 Federations and Associations of Employers), Manchester.
Notts. Lace and Net Dressers' Association.
Notts. Lace Curtain Bleaching, Dressing & Finishing Assoc.
Notts. Master Hosiery Dyers' and Finishers' Association.
The Silk Association of Great Britain & Ireland Incorporated, Manchester.

INDIVIDUALS, COMPANIES, Etc

Barr, Sir James, Kt.	Liverpool.
English Sewing Cotton Co. ...	Manchester.
Gardner, Joseph, & Sons ...	Bootle.
Hamilton, D., & Co.	Bradford.
Haworth, Sir Arthur A., Bart.	Manchester.
Holland & Sherry	Manchester.
Haworth, Richard, & Co. ...	London.
Jones Brothers, Ltd	Manchester.
Moore, Eadie & Murcott Goode, Ltd.	Leicester.
Manifoldia Ltd.	West Bromwich.
North-Western Rubber Co....	Liverpool.
Pearce, A. C. & Co., Ltd. ...	Nottingham.
Peters, C. A., Ltd.	Derby.
Ritchie, Graham & Milne ...	Glasgow.
Rolleston, Sir John S.	Leicester.
Storrs, J.	Stalybridge.
White, Child & Beney, Ltd. .	London, S.W.
Vickers, Ltd.	London, S.W.

and many others.

APPENDIX V. INDUSTRIAL COUNCIL

POSSIBLE USES IN SETTLING DISPUTES.

(Reprinted from *The Manchester Guardian*,
February 4th, 1919.)

“ In view of the gravity of the latest industrial disputes in Glasgow and Belfast, of their effects not only on engineering but on many closely dependent industries, and the threat of stoppages of the same kind in other centres of industry, it is natural that various suggestions should be revived for the interference in such disputes of some representative body. Among Labour leaders Mr. J. R. Clynes has recently pointed out that no trade in one part of the country can settle for itself “ matters which are national matters and questions which are fundamental to the economic well-being of the country.” He suggests a return to some such body as the Industrial Council, of which no use has been made during the war, although it was given Government recognition so far back as 1911. Mr. Clynes suggests that upon the Council there ought to be some of the men who take extreme views of industrial problems, but that all who are on it “ should feel the throb of authority, and should not be mere ornaments to formulate suggestions.” He thinks that something more is wanted than a body commissioned merely to

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suggest how other people could settle their disputes, and he advocates a Council to watch over national interests which should be qualified to act as a partner rather than a spectator in trade disputes.

Sir Charles Macara, to whose advocacy the Industrial Council originally owed its official recognition, and who sat on that Council together with Mr. Clynes, expressed the opinion yesterday that the Council as already constituted was capable of good work in the prevention of strikes and lockouts. He thought that its value as a mediator in industrial disputes would spring from its representative character. Not only did it represent all the staple industries, with their interdependent interests, but it represented them through men who were acknowledged to be of the greatest experience in dealing with Labour matters, both from the employers' and from the workers' point of view. The parties to any big dispute would be prepared to put their cases before such a body. Its verdict, given after hearing the most skilful advocates either side could produce, would be an authoritative verdict which it would be impossible for either party to a trade dispute to resist. Formal compulsion he considered impossible, and he did not suggest that on an appeal to the Industrial Council the parties should necessarily agree to abide by its awards. He would rely rather on the authorita-

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tive character of the Council itself to secure respect for its awards.”

EXTRACT FROM LEADING ARTICLE.

“ It is high time that the responsible leaders of Labour, whether of the old unionism or of the new, and the heads of the great industries should confer together, so that if possible, with the aid of the Government, a national settlement may be reached before industry and the nation itself have been made to suffer too severely. Mr. J. R. Clynes suggests that use should be made of some such body as the Industrial Council, and his appeal is reinforced, in a communication we publish to-day, by Sir Charles Macara, to whose efforts the creation of the Council was mainly due. Parliament and the Government must of course assist. It remains to be seen how far the present majority in the House of Commons will prove itself an apt and effective instrument for composing these rather deep-seated differences, and how far it is over-weighted and dominated by the interests and prejudices of the employing and possessing classes so heavily represented there. Nobody thought much of these things at the election, or if they did they voted Labour and their votes were mostly ineffective, but we shall all have to think a great deal about them now. It may well be that Glasgow and Belfast are thinking furiously already. Perhaps Manchester may have no less occasion to-morrow.”

APPENDIX VI.

THE LEAGUE OF NATIONS.

THE BRITISH EMPIRE AND THE UNITED STATES
OF AMERICA.

(Reprinted from the League of Nations Supplement of *The Manchester Guardian*, March 29, 1919.)

The Peace Conference is sitting in Paris, and we are all of us for the time being citizens of the world. We are all present through our representatives at the Conference table. We appear there on the surface as Englishmen, Frenchmen, Italians, or Americans, but the nationality of each and every one of us is transcended for the moment by his Europeanism. Europe is the unit. The world has learned by a terrible experience that unbridled nationalism can no more be tolerated in Europe than unbridled individualism, showing itself in murder and burglary, could be tolerated in England. In a civilised community a man surrenders a portion of his rights to a central authority, and in return is guaranteed protection of the rest of his rights. Civilised life is a bargain of give and take between a vast number of individuals, and the central authority sees to it that the bargain is properly observed. It tries by means of its police to prevent the individual from breaking his bargain. If, in

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spite of the police, the individual succeeds, it exposes him to the correction of the civil and, in a more extreme case, of the criminal law. Europe is beginning to perceive that European civilisation requires among States a bargain similar to that which all States require as a matter of course among their subjects, with similar means of enforcing it. The need is made the greater because science may confidently be expected to introduce into the next conflict means and powers of destruction which will threaten the existence of all human life. Hence the call for a League of Nations. Stubborn prejudices stand in its way, but internationalism is in the air, and there is some hope that before the Peace Conference separates it may have brought down to earth and embodied in at any rate the first beginnings of a League of Nations.

The range of ideas out of which a League of Nations will grow may almost be said to be native to Lancashire. The Lancashire cotton trade has always had the cosmopolitan spirit. The West Riding, the north-east coast, Staffordshire, and the Clyde stand for great things, for wool, for coal, for pottery, and ships. Lancashire stands not only for a great thing but for a great theory. One aspect of that theory was the unity of the human race. Lancashire always thought internationally. Nationalism was never sufficient for the Lancashire cotton trade. Mere imperialism

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would not have been much better. Not one pound of the raw material which the cotton trade uses could possibly be grown in the British Isles. Comparatively little of it (the Indian and Egyptian crop excepted) is grown as yet under the British flag. And the curious thing is that while Lancashire buys the most of her raw material in the Far West, she exports three-quarters of her finished products largely to the Far East. It is her singular mission to clothe India and China from a plant which was grown in North America. In asserting and finally securing her right to go into this calling Lancashire had to break through some of the stiffest fences of the old world. She had to argue England out of being an island, she had to prove with the aid of Cobden's logical faculty that the foreigner was nothing more awful than a customer in disguise, and that, being a customer, it was on the whole preferable that he should be a man of substance rather than a man of straw. These were some of the teachings of the "Manchester School." It looked forward to the pacification of the world by commerce; it had dreams of disarmament. The world was only half persuaded, and the other half of persuasion has come to many people through the experience of the last four years. To others it has not come even yet, but it is nevertheless true that Lancashire fifty years ago had definitely arrived where the world

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seems now to be tending and that if we search for the direct apostolic predecessor of President Wilson we shall find him in Cobden or perhaps in Bright.

Long after the days of Cobden and Bright Lancashire, true to its traditions, took a practical step towards bringing the world closer together by forming the International Federation of the Cotton Trade. The chief credit for this piece of international statemanship belongs to Sir Charles Macara, who presided over the Federation from its establishment in 1904 until 1915, when its work, owing to the circumstances of the time was under arrest. Sir Charles Macara is at the head of the well-known home trade firm of Messrs. Henry Bannerman and Sons, Ltd., whose shorter name of Bannermans is a household word in Manchester. The house of Bannerman has always been one of the chosen homes of the Manchester spirit. The building in York Street is soaked in the genuine tradition, and the firm has put forth quite a shelf of literature in which Lancashire is explained to herself and to the world. But the house of Bannerman performed its greatest service to Lancashire when it repaid Sir Charles Macara for many years of faithful attention by giving him at last a free mind for economic and social experiment on a large scale. The period in which he was at the head of the Lancashire cotton trade is almost a

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chapter by itself in the industrial history of Lancashire, and the establishment of the International Federation was perhaps its most distinguished achievement. It required no small public spirit for Lancashire, which might almost have claimed a divine right in cotton and which in the years following the establishment of the Federation increased her spindles by the equivalent of the whole trade of Germany and by more than the equivalent of that of Russia or France, to take her place and to claim no more than a place in the ranks with the smaller cotton trades of twenty-one different countries of the world. But the thing was done, and if England played any preponderating part in the proceedings of the Federation it was not so much because she possessed by far the greater cotton trade as that she had in Sir Charles Macara its largest and most leading spirit. The war interrupted a work which was full of hope for the future of the world, but the seed which was planted will come up again, and it is interesting to note that since the end of the war Sir Charles Macara has received an invitation, as chief guest, to a conference of American manufacturers at Atlantic City in May and has been invited again to assist in the organisation of a European delegation to another important cotton convention in the United States in October. The International Federation brought all sections of the trade—planters, merchants,

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spinners, and manufacturers—under the eye of a single central intelligence, and that this sense of unity still exists and will revive is shown in the circumstance, further, that Sir Charles Macara has been invited by an important group of growers to visit America, this time to survey the recent improvements in marketing and baling the American crop.

Every question affecting the cotton industry came under the notice of these annual meetings of the International Federation excepting only the labour question. But on the labour question also the cotton trade of Lancashire set the first example of constructive statesmanship. The Brooklands Agreement, ratified in 1893, was the first of the great treaties between capital and labour. The Industrial Council, evolved out of Sir Charles Macara's experience in working the Brooklands Agreement and established at his instance in 1911, extended to the whole range of British industry the judicial system which had so largely pacified the cotton trade. Like the Hague Convention, to which it has been compared, the Industrial Council was rather before its time, and was not used during the war, although a number of competing official and non-official bodies have sprung into existence vainly endeavouring to carry out the work for which the Industrial Council, composed of experienced and representative industrial leaders, was appointed

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by the Government. Effort such as this has at length taught the world to regard the labour question as material on which its highest statesmanship must get to work, and Sir Charles Macara, who did so much to direct the early stages of industrial conciliation in England, welcomes the announcement that the Peace Conference will endeavour, with the aid of representatives of employers and employed, to frame an international labour code. Unless conditions rise the world over, England, he says, taking the lead, as she generally does, in social amelioration, is penalised in the race for trade. But the open-mindedness which made him in Lancashire almost as much the spokesman of employed as of the employers comes out in his regretful admission that the cotton trade of the Northern States of America is now running shorter hours than that of his own country. In this respect Lancashire in Sir Charles Macara's view must catch up with the best example.

(W. H. M.)

APPENDIX VII.

A GREAT PEACEMAKER.

[*Reprinted from the "Edinburgh Evening News," July 3rd, 1919.*]

No public man has had more experience in helping successfully to compose the differences between capital and labour in one of England's greatest industries than Sir Charles W. Macara, a native of the "Kingdom" of Fife. His hand helped to compose numerous disputes in the cotton industry; he has been prominent in international conferences; and, although engrossed in all kinds of public work, he has never mixed with politics. Now 75 years of age, Sir Charles has been visiting Edinburgh after a long absence. He called at the "Evening News" Office, and had an interesting chat on industrial affairs with one of our representatives. Sir Charles has a great belief in allowing capital and labour to settle their own affairs round a table. When the case is thus fairly thrashed out, and the verdict is returned on the true weight of evidence, it cannot, he says emphatically, be upset. The less politicians, and particularly lawyers, have to do with business, the better it is for the commerce of the country.

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Sir Charles regrets that the Industrial Council, formed in 1911, was not operated at the outbreak of war. Had this been done, he is emphatically of the belief that the industries of this country would have been mobilised for war in a fortnight after the outbreak of the conflict, and that great sums of money and many valuable lives would have been saved. He is not at all pessimistic of the general situation, if only co-operation between masters and men can be secured. He is just afraid, however, that in these noisy times the best of the Labour leaders, who know the true bearing of economic facts, are keeping in the background. Touching on the League of Nations, Sir Charles commented on the remarkable success of the international conferences. He mentioned that he had met the Kaiser and received a decoration which he did not value. He was in Berlin at the time of the Morocco crisis in 1911, when war was nearly precipitated, and he recalled delivering an outspoken speech on the dread consequences which would follow the breaking of the international peace. Sir Charles agreed that the weight of influence of German business men was on the side of peace in 1911, but three years later the Germans were "all mad." Now they are ruined.

Sir Charles Macara dreads industrial strife if for no other reason than the dire effects on the women and children. "Look at the Russian
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Bolsheviks," he said. "In Russia they had some of the finest cotton mills in the world. Some of the proprietors were millionaires. Armed agitators cleared out the 'bosses,' retaining only the heads supposed to be indispensable; while £1 a day was decreed as wages. What has the result been but anarchy and starvation. We must be careful such things do not come about in this country." Providing Britain and America pull together, Sir Charles has no fear of the revival of German aggression. "Do you realise," he remarked, "that the Germans and Austrians cannot clothe themselves without the help of the Allies? They have no cotton and little wool. They will go naked unless we help them."

Sir Charles Macara testifies to the wonderful effect the Ship Canal has had in stimulating the commercial life of Manchester, which was a declining city before the undertaking was carried through. Now there are 9,000,000 people within a radius of 45 miles of the city, and immense industrial progress has been made. Sir Charles told with relish how he had shown the results of this wonderful development to a party from America, where he had been repeatedly shown a number of "the greatest things on earth." They had to admit the striking transformation. Sir Charles does not despair for a moment of the business brains of the country—some of the finest in the world, if they get a fair opportunity.

APPENDIX VIII.

THE ROMANTIC HISTORY OF A MANCHESTER FIRM.

[*Reprinted from the "Financial News,"*
July 17th, 1919.]

In the early days of the nineteenth century, when the industrial era was in the opening stages of its early promise, a Perthshire farmer, by name Henry Bannerman, who, though aged 55, was not so old as to be deaf to the call of adventure, and not so wedded to the old ways as to be incapable of adapting himself to new, sent his son David to Manchester, much after the manner in which, it is recorded, Joshua, the son of Nun, sent out of Shittim, two men to spy secretly, saying, "Go view the land, even Jericho!"

The result was similar, for the tribe of Bannerman followed upon the favourable report; Henry, the father, and the sons, Alexander, John, Henry, and Andrew. The last became a calico-printer, but the others united with David, the forerunner to form the firm of Henry Bannerman and Sons, of Market Stead-lane, trading in fustians, cotton ticks, grey and white calicoes, nankeens, muslins, and plain fabrics. Such was the foundation of that famous Manchester firm, "Bannerman's," which, by the marriage of a

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daughter to James Campbell, afterwards Sir James Campbell, who became Lord Provost of Glasgow, gave a Prime Minister to England in Sir Henry Campbell-Bannerman, and which, by the marriage of a great grand-daughter to Mr. now Sir Charles W. Macara, Bart., was to give the cotton trade a recognised leader, described a few years ago by Sir Arthur A. Haworth, Bart., at that time M.P. for South Manchester, as one "who has perhaps done more for the cotton trade than any man who ever lived, except the great inventors of the self-acting mule, the spinning-jenny, and the power-loom."

INFUSION OF NEW VIGOUR.

It was in 1880 that Mr. Macara became connected with the House of Bannerman, which was then verging upon the threescore years and ten, and showed some symptoms that its natural force was abating. Mr. Macara, however, within the course of a few years, breathed fresh vigour into it by a salutary change of policy, effected with energy and insight. The Canadian trade was abolished, the mills reorganised, the fancy goods departments, to which Manchester as a whole remains addicted, were abolished, and the firm concentrated upon "heavy" goods. They are at once producers and distributors, vending far beyond Manchester the cotton goods manufactured in and around it, and having established

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a reputation which to enlarge thereon would be, in the Shakespearian phrase, "wasteful and ridiculous excess."

But that alone has not constituted Sir Charles Macara's life work. Perhaps no achievement of a life rich in accomplishment gives him more personal satisfaction in retrospect than the establishment of Lifeboat Saturday, now a national institution, owing its origin to a fruitful thought implanted in his mind in December, 1886, when 27 lifeboatmen lost their lives in a brave effort to save the crew of the German barque "Mexico," wrecked in the estuary of the Ribble.

That he presided over the organisation only for five years was due, not to any lessening of interest in this most laudable of charitable undertakings, but to his great and increasing responsibilities in connection with the cotton trade. His predominant share in movements such as the Brooklands Agreement, that settled the twenty weeks' strike in 1893, the International Cotton Federation, and the Industrial Council formulated by him in 1911 as the result of his long experience, is a matter of trade history, and the value of his work in connection with them is not easily to be overrated.

The correctness of his judgment at the outbreak of war in 1914 has been conspicuously proved; indeed, ignoring his advice to deal with the cotton

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crop of the world, which was mainly under the control of the United States of America and the British Empire, and not using the Industrial Council for the mobilising of industry, one of the vital strategies of war, are now generally acknowledged to be outstanding governmental errors which undoubtedly seriously prolonged the unprecedented conflict. Feeling that he would have more freedom in making use of his long experience of national and international trade movements, he resigned the most important positions in connection with the cotton industry, which he had occupied during the past thirty years, and still continued to serve the nation in a variety of ways, such as the formation of a plan for taking the National Register through the municipalities, as mediator between the Government and the large Lancashire firms of textile machinists in respect of the terms for the manufacture of munitions, and as organiser of the supply of aircraft cloth for the Admiralty, and in many other ways. He is at present assisting in the organisation of a European delegation to attend a world conference to be held in New Orleans in October next, on the same lines as the delegation to Atlanta, Georgia, which he organised and led in 1907, the delegates at that time travelling in a special train 4,600 miles through the American cotton-growing States.

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Sir Charles W. Macara, Bart.

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BY

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Extracts and Press Opinions.

p. 163.

He offered England a plan to secure all the strategical advantages of making cotton contraband while avoiding all the inconveniences which attended and for a long time effectually prevented that course. For the first twelve months of the war, German textile machinery ran without interruption. Though this was felt to be the very negation of our supremacy at sea, the Government considered itself unable to risk the results on neutral opinion which would have been

taken by declaring cotton contraband of war. The German cotton mills accordingly continued to run, and it was not until scientific evidence was produced and made public as to the double life which cotton lives in this world—the Jekyll of towels and sheetings and the Hyde of propulsive explosives—that the English Government considered itself to have a case on which it could act without the risk of complications. Sir Charles Macara presided at a great meeting at the Queen's Hall, London, in August, 1915. He concluded his speech in the following words:—

“Allow me to quote from an article which I contributed to the September (1914) number of the ‘Financial Review of Reviews,’ which was sent to the members of the Cabinet, and was widely circulated and quoted from.” In that article I wrote:—

“I will assume that we do neither unexpectedly well nor unexpectedly ill, but continue making steady progress, suffering checks perhaps from time to time, but on the whole maintaining and consolidating our mastery of the sea. On this assumption the outlook, although serious, can, in my opinion, be faced with equanimity if only the various interests affected—industrial, commercial, financial, scientific, transport, and labour—assisted by the Government, present a united front to the common danger.

“The great increase of population during the period that has elapsed since the Franco-German war, the enormous development of industry and commerce, and the intricacies of international finance, are factors which I think cannot have been fully realised by those who are responsible for bringing about the clash of arms on the gigantic scale of modern warfare. Not only have these millions of armed men to be fed and otherwise provided for, but perhaps the more difficult task is the provision for the many millions who are as a consequence of the war deprived of work and the means of livelihood. Any nation engaged in the present conflict that does not prepare to face both these contingencies is courting disaster. . . . I am more convinced than ever that interference with the supply of food and clothing will be the prime factor in bringing the present colossal war to an end.”

“Speaking now, after twelve months’ experience of the war, I feel it is an absolute necessity that well-considered, strong measures must be carried out which will have the effect of preventing cotton reaching enemy countries, while, at the same time, acting fairly in the interests of neutral countries, and safeguarding the future welfare of a great international industry.”

Sir William Ramsay, the eminent scientist, at this meeting testified to what he knew about

cotton, and a resolution¹ was carried unanimously calling on the Government to make it absolute contraband of war. Shortly afterwards this was done, and the textile mills in Germany and Austria began to close down.

ADVICE TO AMERICA.

p. 172.

It was Sir Charles Macara's complaint against the general war administration of England that it was hydrocephalic; that the head developed at the expense of the members. To him the mobilisation of England presented itself not as a case for new mechanism, but for more steam from the old. More and more, as time went on, Whitehall seemed to be exactly reversing the terms of the proposition as thus stated. . . . Very largely rejected in England, the following advice was, at the request of the American press, forwarded to the United States for publication in the event of that country declaring war:—

“My advice to America is—rather use the organisations already existing in the frame-

1. “That His Majesty's Prime Minister be informed that in the opinion of this meeting the protection of the interests of the Empire and its Allies would be best secured by an immediate declaration that Cotton is Contraband of War, and that the necessary steps should be taken to protect the interests of neutrals, both growers and consumers.”

work of peace, than attempt to create new ones. One of the bodies we should have used for this purpose here was the Industrial Council. It consisted of the trusted leaders of capital and labour; it was already a working mechanism, and capable, therefore, of dealing powerfully and promptly with the great questions of employment that arise with the outbreak of a war. In the same way I suggested that the municipalities should take and tabulate the National Register, and the speed, precision and economy with which that work was done, proved the soundness of the plan. By giving definite instructions to our two thousand municipalities, it was just as easy to organise the whole country as to organise one city.

“ In other particulars the English Government has failed to take this advice. New departments have been created at a speed and on a scale that has begun, in these later days of war, to cause great alarm to the business minds of the community. During recent months especially, every week has seen some great public building or hotel cleared for the accommodation of some new department of state, which proceeds first to get itself into working order, and then—after an interval—to get to work. Such departments are a hindrance rather than a help in time of war, and will be a serious embarrassment in times of peace.

“In every highly developed civilisation, almost every great interest will be found to be already organised. Labour, capital, finance, transportation, science, each of these organisations should be put on a war footing and called on for its special war work. When this has been done, all of them should be knit into one strong and sensitive entity, and the whole nation will thus be efficiently at war. To employ the tried brain, and the well-oiled wheels, is my advice to America. The war has definitely proved the commercial and industrial adaptability of women. But they would have done much more here if there had been proper organisation when the great migration of women into commerce and industry began. The rush was not anticipated nor directed. Women were allowed to drift into occupations largely as they liked, a state of things not at all necessary, seeing that in the National Register the country had an inventory of its woman resources.

“It is on the necessity for national organisation that I would insist first and last—not organisation for the sake of organisation, but for the sake of work. Accordingly, I earnestly counsel you, at the end, as at the beginning, to make full use of the means which your country has ready for use and nearest to hand. My experience has always been that in great move-

ments the best work is done with the aid of a small but efficient staff.

“The great staple industries can only be dealt with by the organisations of capital and labour, although minor industries might be dealt with by the municipalities. It is only those who have had to deal with strikes and lockouts in great industries who can understand how to deal with these industries in emergencies. I have never tired of telling England that ordering of industry is a part of the vital strategy of war. In other words, I would plead with your government to let its business men organise the nation's industries on a national scale. And I would plead with business men, at the same time, to offer their services freely to the state at the outset, and not when heavy losses have been incurred. The business men can carry the nation to undreamed of triumphs; but they must take the reins NOW.”

PRESS OPINIONS

“Sir Charles W. Macara is something more than a business man of success in the cotton trade. He is a statesman of industry and a diplomatist in the intricate and subtle relationship between workers and employers. This field of diplomacy will be much widened in future, and, in the industrial reconstruction, our politicians, if they be wise, will look to such as Sir Charles Macara for their lessons, as to their masters in a difficult science.”—*The Observer*.

“A readable well-drawn picture of Victorian (and later) Manchester, its industrial history, and the international

bearings of the cotton industry, the mercantile house of Bannerman, of which Sir Charles Macara became managing partner in 1880, centered round Sir Charles's own career."—*The Times Literary Supplement*.

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"Nobody can deny that Sir Charles Macara has, as the book indicates, occupied a prominent place in the development of organisation and conciliation in the cotton industry, nationally and internationally, while he would claim to have been a forerunner in the movement for general industrial conciliation embodied in the Whitley Report now before the country."—*The Textile Mercury*.

"In recent years Sir Charles Macara has taken a notable part in the discussion of industrial unrest, and his biographer claims for him that he originated some years before the war the scheme of Industrial Councils which the Government have now adopted on the recommendation of the Whitley Committee. Locally he has long been prominent in all matters affecting the welfare of the cotton trade, and nationally he has taken a leading part in the closer federation of employers of labour."—*Borders Standard*.

"Sir Charles Macara has played a mighty part in the long struggle between masters and men which culminated in thorough organisation on both sides and the Brooklands Agreement. . . . To him, too, we owe the idea of Industrial Councils which the Government is making the pivot of its reconstruction policy. A strong, sagacious Scot is Sir Charles Macara—a man whose eye sweeps world horizons, whose mind thinks internationally, and one who, with all his individualism, has something of the communist in his attitude towards labour."—*Christian World*.

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'Man Power and Industry,' 'The Organisation of Trade,' 'British Agriculture,' and others of kindred interest. In addition to the articles, the appendices should prove useful."—*Lloyd's List*.

"We have heard much lately of the dilution of labour: now it is the turn of capital. This does not refer to watered stock, but to Sir Charles Macara's desire 'to see capital diluted with as much humanism as possible.' That is the keynote of this volume of reprinted papers. It is an orthodox, moderate plea for an orthodox, moderate capitalism."—*Nation*.

"The gist of the author's proposal is that 'we must have unity in all our commercial undertakings. A better and healthier atmosphere must be introduced . . . Employers and workers must be joined together firm in the resolve to do all that is humanly possible to make life generally in this country happier and brighter, so that we may reap to the full the victory of our arms.—*Journal of Commerce and Commercial Bulletin*.

Mr. Frederic Harrison, writing in the *Fortnightly Review*, October, 1918, says:—"Here is a great master of conciliation. Can he and all the able and public-spirited men associated with him, can the Whitley Committee, can the Industrial Committee—can any conciliator whatever conciliate such keenly opposed, such passionate interests in the future of the economic world? And yet we know that unless, when war ends, organised Labour and scientific Capital, industrial strategy and excited linesmen, can be brought to work together with a will—work as British men never worked before—there is opening to us the seething chaos of Russian anarchy and famine."

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